DOCUMENT RESUME

ED 294 485 HE 021 421

AUTHOR	Boren, Susan; And Others
TITLE	The Higher Education Amendments of 1986 (P.L. 99-498): A Summary of Provisions. 87-187 EPW.
INSTITUTION	Library of Congress, Washington, D.C. Congressional Research Service.
PUB DATE	Mar 87
NOTE	104p.
PUB TYPE	Reports - Descriptive (141) -- Legal/Legislative/Regulatory Materials (090)
EDRS PRICE	MF01/PC05 Plus Postage.
DESCRIPTORS	Academic Libraries; American Indians; Cooperative Programs; Educational Administration; Educational Facilities; *Educational Legislation; Educational Research; Federal Aid; *Federal Legislation; *Federal Programs; Government Role; Graduate Study; Grants; Information Technology; International Education; Minority Groups; Nontraditional Students; *Policy Formation; *Postsecondary Education; Special Programs; Student Financial Aid; Student Loan Programs; Student Needs
IDENTIFIERS	*Higher Education Act Amendments 1986

ABSTRACT

The provisions of the Higher Education Amendments of 1986 (P.L. 99-498), which is the major piece of legislation reauthorizing the Higher Education Act of 1965 through 1991, are delineated. A synopsis of the legislative history of this act is provided along with a brief description of the passage of the Higher Education Amendments of 1986. A summary of provisions of this legislation by title is included. The 16 titles are: postsecondary programs for nontraditional students; academic library and information technology enhancement; institutional aid; student assistance (grants to students in attendance at institutions of higher education, guaranteed student loan program, work-study programs, income contingent direct loan demonstration project, direct loans to students in institutions of higher education, needs analysis, and general provisions relating to student assistance programs); teacher training and development; international education programs; construction and renovation; cooperative education; graduate programs; improvement of postsecondary education; partnerships for economic development and urban community service; general provisions; education administration; education research and statistics; American Indian, Alaska native, and native Hawaiian culture and art development; and United States Institute of Peace. (SM)

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THE HIGHER EDUCATION AMENDMENTS OF 1986 (P.L. 99-498): A SUMMARY OF PROVISIONS

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HE 021 421

ABSTRACT

This report delineates in detail the provisions of the Higher Education Amendments of 1986 (P.L. 99-498), the major piece of legislation reauthorizing the Higher Education Act of 1965 (P.L. 89-329, as amended) through FY 1991. Additional titles of the Higher Education Amendments of 1986 are discussed that add authorities and amend legislation other than the Higher Education Act.

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THE HIGHER EDUCATION AMENDMENTS OF 1986 (P.L. 99-498): A SUMMARY OF PROVISIONS

INTRODUCTION

The Higher Education Act (HEA) of 1965 (P.L. 89-329) as amended has been reauthorized through FY 1991 by the Higher Education Amendments of 1986 (P.L. 99-498), signed into law on October 17, 1986. 1/ The Higher Education Amendments of 1986 consist of 16 titles, the first 12 of which amend and extend the Higher Education Act in the areas of education for nontraditional students, academic libraries, institutional aid, student financial assistance, teacher training, international education, facilities construction and renovation, cooperative education, graduate education, postsecondary educational improvement, urban universities, and general provisions. The Higher Education Amendments also have some additional titles (titles 13 through 16) that establish, amend, and extend programs not part of the Higher Education Act.

This paper provides the following:

—a synopsis of the legislative history of the Higher Education Act;

—a brief description of the passage of the Higher Education Amendments of 1986; and

—a brief summary of provisions of the Higher Education Amendments of 1986 by title.

1/ For a brief description of the Higher Education Amendments of 1986, see U.S. Library of Congress. Congressional Research Service. Higher Education Act: Reauthorization Issues [by] Susan Boren. [Washington] 1986. (Issue brief) Regularly updated.

SYNOPSIS OF LEGISLATIVE HISTORY

The Higher Education Act of 1965 (HEA) as initially authorized under P.L. 89-329 consisted of eight titles; the first six titles authorized a number of new assistance programs in the areas of continuing education, college libraries, developing postsecondary institutions, student financial assistance, teacher training, and improvement of undergraduate instruction. The last two titles contained amendments to the Higher Education Facilities Act of 1963 (P.L. 88-204) and certain general provisions that were applicable to the entire Act.

Since 1965, comprehensive amendments and reauthorization of the HEA have occurred as a result of

—the Higher Education Amendments of 1968 (P.L. 89-575)
—the Education Amendments of 1972 (P.L. 92-318)
—the Education Amendments of 1976 (P.L. 94-482)
—the Education Amendments of 1980 (P.L. 96-374)
—the Education Amendments of 1986 (P.L. 99-498)

The most recent of these comprehensive revisions of the HEA, P.L. 99-498, includes authorizations for most HEA programs for the 5-year span, FY 1987 through FY 1991.

In addition to comprehensive reauthorization legislation, numerous other statutes since 1965 have amended portions of the HEA. For example, in the 97th Congress, the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) revised the authorization levels for most HEA programs for the period FY 1982 through FY 1984, and amended several title IV student financial assistance programs; while the Student Financial Assistance Technical Amendments Act of 1982 (P.L. 97-301) contained additional title IV amendments. In the 98th Congress additional statutes amended portions of the HEA including the Student Loan Consolidation and Technical Amendments Act of 1983 (P.L. 98-79), the

Challenge Grant Amendments of 1983 (P.L. 98-95) and the Human Services Reauthorization Act (P.L. 98-558).

In the 99th Congress, the Consolidated Omnibus Budget Reconciliation Act (P.L. 99-272) provided specific cost savings provisions related to the Guaranteed Student Loan (GSL) program and made amendments affecting other student aid programs.

ENACTMENT OF P.L. 99-498

The Higher Education Act of 1965 (P.L. 89-329 as amended) was due to expire at the end of FY 1985, although through the General Education Provisions Act (P.L. 90-247, title IV as amended, section 414) programs were extended through FY 1986 and, in the case of forward funded programs, through FY 1987. The Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272) extended authority for the GSL program through FY 1988.

As early as the 98th Congress, legislation was introduced to reauthorize the Higher Education Act. This bill (H.R. 5240) was the subject of hearings, but no action was taken.

In the 99th Congress, over 40 hearings were held on HEA reauthorization by both the House Subcommittee on Postsecondary Education and Senate Subcommittee on Education, Arts, and Humanities. On November 20, 1985, the House Committee on Education and Labor reported (H. Rept. 99-383) its version of an HEA reauthorization measure, H.R. 3700, the Higher Education Amendments of 1985. It subsequently passed the House on December 4, 1985 after 2 days of debate by a vote of 350 to 67 (roll. no. 429).

On March 19, 1986, the Senate Committee on Labor and Human Resources reported its Higher Education Act reauthorization measure, S. 1965, the Higher Education Amendments of 1986 (S. Rept. 99-296). On June 3, 1986 the Senate passed S. 1965 by a vote of 93 to 1 (roll no. 110).

On June 17, 1986 the House passed S. 1965 with the text of H.R. 3700 inserted. Conference to reconcile the difference between the two chambers' versions of the legislation began on July 29, 1986, and the conference report was filed on September 22, 1986. On September 24, 1986 the House agreed to the conference report (H. Rept. 99-861) and on September 25 the Senate agreed to the conference report. On October 17, 1986 President Reagan signed the Higher Education Amendments of 1986.

On the pages to follow each title of the Higher Education Amendments is outlined, including those non-Higher Education Act titles. Generally, at the end of each title's description there will be a section summarizing the authorization of appropriations for that title.

TITLE I--POSTSECONDARY PROGRAMS FOR NONTRADITIONAL STUDENTS

Title I is divided into 3 parts:

Part A--Program and Planning Grants (sec. 111-115)

Part B--National Programs (sec. 121-122)

Part C--The National Advisory Council on Continuing Education (sec. 131)

The significant changes made to this title 2/ by the Higher Education Amendments of 1986 (P.L. 99-498) include revision and extension of the authorization of appropriations for adult and continuing postsecondary education programs, authorization of national programs of adult learning research, continuation of the National Advisory Council on Continuing Education, elimination of the Commission on National Development in Postsecondary Education (formerly authorized under part A), and changing the name of the title from "Continuing Postsecondary Education and Planning" to "Postsecondary Programs for Nontraditional Students."

Title I, Part A--Program and Planning Grants

This part authorizes three types of discretionary grants related to adult and continuing postsecondary education: (1) institutional development;

2/ Title I of the HEA has not been funded since FY 1981. For a description of title I under prior law, see U.S. Senate, Committee on Labor and Human Resources, Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options. S. Prt. 99-8, 99th Cong., 1st Sess., Prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print Off., 1985. Section 19, p. 439-443.

(2) off-campus programs; and (3) staff development. 3/ Grants for institutional development are for: (a) establishing programs related to the educational training needs of the work force; (b) strengthening institutional capacity to respond to adults with special educational needs related to the work force; and (c) supporting cooperative agreements among institutions, community-based organizations, and public and private employers. Grants for off-campus programs may be used for activities such as high technology educational delivery systems, interstate programs, staff training, and curriculum development related to adult and continuing education at off-campus sites. Grants for staff development are for in-service training for persons involved in providing adult and continuing education services. Major changes from prior law include placing less emphasis on comprehensive statewide planning and more emphasis on serving the adult educational needs of non-traditional students.

The authorization of appropriations for part A is $10 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. Of the funds appropriated for FY 1987, 100 percent shall be made available only to carry out section 111 (grants for institutional development) and section 112 (grants for off-campus programs).

Title I, Part B--National Programs

This part newly authorizes the Secretary to make grants to, and contracts with, institutions of higher education "to ensure a sustained capacity" to

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3/ Sec. 1304 of P.L. 99-498 appears to require the Secretary to study and evaluate the programs established under part A of this title.

undertake research in adult and continuing education. Funds may be used by a recipient institution for the planning, development, or operation of a program. Authorized activities include the analysis of the special needs of adult learners, collection of information on adult learners and labor market needs, the application of new technologies, training programs for instructors of adult learning, development of curriculum and instructional methods, and programs to overcome barriers to educational opportunities.

Part B specifically states that no funds are authorized to be appropriated for this part for FY 1987 and the 4 succeeding fiscal years.

Title I, Part C--The National Advisory Council on Continuing Education

This part extends, with few changes, the authorization for a national advisory council. The council is to consist of a minimum of 20 members appointed by the President. Council duties include: (1) advising the Secretary of Education with regard to issues of continuing education that arise from the administration of the HEA; and (2) examining federally supported continuing education and training programs and making recommendations to eliminate duplication of services and to increase coordination. The council must make annual reports to the President, the Congress, and the Secretary with regard to findings and recommendations.

Part C contains no authorization of appropriations.

Authorization of Appropriations

For title I, part A, $10 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. Of the funds appropriated for FY 1987, 100 percent shall be made available only to carry out section 111 (grants for institutional development) and section 112 (grants for off-campus programs).

For title I, part B, no funds are authorized to be appropriated for FY 1987 and the 4 succeeding fiscal years.

For title I, part C, no funds are authorized to be appropriated.

TITLE II--ACADEMIC LIBRARY AND INFORMATION TECHNOLOGY ENHANCEMENT

Title II is divided into four parts:

Part A--College Library Resources (sections 211-213)

Part B--Library Training, Research, and Development (sections 221-223)

Part C--Strengthening Research Library Resources (sections 231-232)

Part D--College Library Technology and Cooperation Grants (section 241)

Title II, Part A--College Library Resources

The title II, part A, program of general support for college library resources, previously authorized but unfunded since FY 1981, is extended, with modifications to the eligibility requirements. Under P.L. 99-498, eligibility would be limited to higher education institutions where the expenditures for library services, and number of library volumes, per full-time equivalent (FTE) student are less than the National average for institutions of comparable size and programs. (This requirement may be waived by the Secretary of Education, but only for up to 5 percent of the institutions receiving grants.) Previously, all institutions of higher education were eligible to participate in this program. Grants are to be made in proportion to the number of FTE students at eligible institutions, and are to be within the range of $2,000-$10,000 per grant.

To be eligible for part A grants, institutions must also maintain their library expenditures per FTE student in the year preceding a grant at the level of the average of such expenditures for the second and third preceding years (although a waiver of this requirement may be issued in "very unusual circumstances"). The grants under this part may be used for the purchase of books, periodicals, computer software and data, audiovisual materials, or for the establishment and maintenance of information-sharing networks.

Separately, under title XIII, Education Administration (sec. 1331) of P.L. 99-498, the National Commission on Libraries and Information Science is required to conduct a study of the effectiveness of the eligibility criteria for title II, part A, in directing assistance to libraries with greatest need.

Title II, Part B--Library Training, Research, and Development

The part B program of grants for library training, research, and development is extended with little amendment. Two-thirds of appropriations for this part shall be used for library career training, the remaining one-third for research and demonstrations. The formerly authorized (but not funded) program of special purpose grants under part B is repealed. Also, with the adoption of the new part D (see below), "information technology" is removed from the authorized fields for the research and demonstration program.

Title II, Part C--Strengthening Research Library Resources

Part C of title II continues to authorize grants to research libraries, with collections deemed to be uniquely significant for scholarly research, at higher education institutions and elsewhere. The only amendment to this program under P.L. 99-498 is the addition of a requirement that the Secretary

of Education allow institutions that would not regularly qualify for grants to submit additional information on the scholarly significance of their collections.

Title II, Part D—College Library Technology and Cooperation Grants

Previously, part D of title II authorized a study of the feasibility of establishing a national system for the collection and dissemination of periodical literature (National Periodical System). This provision was never funded, and is now replaced with a new authorization for College Library Technology and Cooperation Grants. Under the new program, competitive grants are authorized for higher education and affiliated institutions to plan for, establish, equip, or maintain networks for sharing library resources (interlibrary loan programs, computer-based bibliographic and other information systems, etc.). Minimum awards are to be $15,000, to be expended over a 3-year period, and the Federal grant must be matched by non-Federal funds equal to at least one-third of the Federal allocation.

Authorization of Appropriations

For title II, part A, $10 million is authorized for FY 1987, and such sums as may be necessary for FY 1988-1991

For title II, part B, $5 million is authorized for FY 1987, and such sums as may be necessary for FY 1988-1991

For title II, part C, $10 million is authorized for FY 1987, and such sums as may be necessary for FY 1988-1991.

For title II, part D, $5 million is authorized for FY 1987, and such sums as may be necessary for FY 1988-1991.

TITLE III—INSTITUTIONAL AID

Title III is divided into 4 parts:

Part A—Strengthening Institutions (sec. 311-313)

Part B—Strengthening Historically Black Colleges and Universities (sec. 321-327)

Part C—Challenge Grants for Institutions Eligible for Assistance under part A or part B (sec. 331, 332)

Part D—General Provisions (sec. 351-360)

The primary changes made to this title by the Higher Education Amendments of 1986 (P.L. 99-498) include the extension of the authorization of appropriations; the elimination of the program of Aid to Institutions with Special Needs (previously authorized under part B); and the establishment of a new part B, a program for Strengthening Historically Black Colleges and Universities, the first formula grant program authorized for title III.

Title III, Part A—Strengthening Institutions

This part authorizes categorical grants to enhance institutions' academic quality, institutional management, and fiscal stability. For a higher education institution to be eligible to apply for assistance, (1) at least half of its enrollment must consist of students receiving need-based aid under title IV of the Higher Education Act (excluding Guaranteed Student Loans) or the percentage of its enrollment consisting of Pell Grant recipients must be substantial in comparison to other institutions, and (2) its average educational and general expenditures per full-time equivalent undergraduate must be low in comparison to other institutions. (Under prior law, the student aid eligibility factor required that an institution enroll a substantial percentage of Pell Grant

recipients with large average awards.) In determining institutional eligibility, the student aid factor is given twice the weight of the expenditures factor. Under certain circumstances, the Secretary of Education is permitted or required to waive the student aid or expenditures factors. (Under prior law, the student aid factor could not be waived; the expenditure factor could be waived under the same provisions continued in current law.)

In addition, to be eligible to apply under part A, an institution must be legally authorized in its State to provide a bachelor's degree program (unless the institution is a junior or community college), and be accredited by an association recognized by the Secretary of Education (or be making reasonable progress toward such accreditation). These requirements must have been met during the preceding 5 years. All of the requirements described in this paragraph are waived for an institution with enrollments that are at least 20 percent Mexican American, Puerto Rican, Cuban, or from other Hispanic populations; and for an institution with enrollments that are at least 5 percent Native Hawaiian, Asian American, American Samoan, Micronesian, Guamanian, and Northern Marianian. For an institution with enrollments that are at least 60 percent American Indian or 5 percent Alaska native, the 5-year requirement is also waived. (Prior law permitted waiver of the 5-year requirement for less precisely defined groups of institutions.)

Strengthening Institutions grants may be awarded up to 3 years, 4 years or 5 years. Recipients of 4 or 5 year grants are ineligible for additional assistance for a comparable period of time. One year planning grants are authorized. (Prior law authorized renewable grants for up to 3 years, and nonrenewable grants for 4 to 7 years. One year planning grants were authorized.)

The authorization of appropriations for part A is $120 million for FY 1987 and such sums as may be necessary for each of the 4 following fiscal years.

Title III, Part B--Strengthening Historically Black Colleges and Universities 4/

An institution eligible for assistance under this part is any historically black college or university established prior to 1964 with the on-going mission of educating black Americans, and accredited or making reasonable progress toward such accreditation. Institutions must also be legally authorized in their States to provide a bachelor's degree program (unless the institution is a junior or community college), and be accredited by an association recognized by the Secretary of Education (or be making reasonable progress toward such accreditation). These requirements must have been met during the preceding 5 years.

Part B funds can be used for acquisition of scientific or laboratory equipment; construction, maintenance, renovation, and improvement of instructional facilities; faculty exchanges and faculty fellowships for attainment of advanced degrees; academic instruction in disciplines in which blacks are underrepresented; purchase of educational materials; and tutoring, counseling, and student services.

4/ For a detailed description of the program of Aid to Institutions with Special Needs, previously authorized under part B, see U.S. Senate, Committee on Labor and Human Resources, Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options, 99th Cong., 1st Sess., S. Prt. 99-8, prepared by the Congressional Research Service, Feb. 1985. Prior law provided that a portion of part B funds was to be reserved for historically black colleges and universities, equal to half of the amount such institutions received under title III in FY 1979 (this resulted in a reserve of $27.035 million). The FY 1984 through FY 1987 annual appropriations legislation for the Department of Education reserved an aggregate amount of funding for these schools--$45.741 million annually for FY 1984-1986 and $50.741 million for FY 1987.

The annual appropriation for part B is allocated as follows: half on the basis of institutions' shares of all Pell Grant recipients enrolled in eligible institutions; one-fourth on the basis of institutions' shares of the total annual number of graduates at all eligible institutions; and the remaining fourth according to institutions' shares of the number of graduates from eligible institutions who are attending graduate or professional degree programs in disciplines in which blacks are underrepresented.

Grants under part B are to be awarded for not more than 5 year periods. Institutions are eligible to receive 2 such grants. Separate grants are awarded to 5 black professional and graduate institutions--Morehouse School of Medicine, Meharry Medical School, Charles R. Drew Postgraduate Medical School, Atlanta University, and Tuskegee Institute School of Veterinary Medicine.

The authorization of appropriations for part B is $100 million for FY 1987 and such sums as may be necessary for each of the 4 following fiscal years. A separate authorization of $5 million is provided for the designated black professional and graduate institutions. Such sums as may be necessary are authorized for this separate authority for each of the 4 following fiscal years.

Title III, Part C--Challenge Grants for Institutions Eligible for Assistance Under Part A or Part B

This part establishes a program of Endowment Challenge Grants, replacing the previous separate programs of Challenge Grants and Endowment Grants funded under prior law. The new program is essentially the same as the previous Endowment Grant program.

In general, the Secretary awards grants to institutions eligible for assistance under either part A or part B, and to institutions making a substantial contribution to postgraduate medical education for minorities and economically disadvantaged persons.

Grants support the establishment or expansion of endowment funds at recipient institutions. Not more than half of the endowment fund income may be withdrawn to meet institutional operating expenses.

Institutions must match these grants on a 1 for 1 basis. Individual grants cannot be less than $50,000 in any fiscal year, nor more than $250,000 for FY 1987 or $500,000 for any succeeding fiscal year. (Prior law authorized grants up to $500,000 beginning in FY 1985.) No institution can receive a grant for more than 2 fiscal years out of any period of 5 consecutive fiscal years.

In the event the annual appropriation for the Endowment Challenge Grants exceeds $10 million, the Secretary may award grants in excess of $1 million. Institutions must provide matching funds equal to half of the grant amount. Recipients of these larger grants are ineligible to reapply for a grant for a 10-year period. (These larger grants were not authorized under prior law.)

The authorization of appropriations for part C is $20 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title III, Part D--General Provisions

This part contains the general provisions that apply to the administration of title III and authorizes appropriations for its various programs. Certain of these administrative provisions and the authorizations of appropriations for the various title III programs are described below.

The statute requires that all of the Secretary of Education's policies and procedures governing the applications be published in the Federal Register. (Prior law contained no comparable provision.)

The readers selected by the Secretary to review each application and recommend funding must include representatives of black colleges, Hispanic colleges, Native American colleges, and institutions with substantial numbers of Hispanics, Native Americans, Asian Americans, and Native American Pacific Islanders (including Native Hawaiians). (Prior law did not address representation among the readers.)

The Secretary may award grants to cooperative arrangements between eligible institutions, and between eligible and ineligible institutions. (Prior law limited cooperative arrangements to those between eligible institutions.)

Authorization of Appropriations

For title III, part A, $120 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title III, part B, $100 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. For title III, part B (grants to black professional and graduate institutions), $5 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title III, part C, $20 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

In fiscal years in which the annual part A appropriation equals or exceeds the FY 1986 part A appropriation (approximately $61 million), the Secretary is to provide not less than $51.4 million to junior or community colleges under part A, and 25 percent of the amount in excess of the FY 1986 level to eligible institutions with the highest percentages of students who are black, Hispanic,

Native American, Asian American, Native Hawaiian, or Pacific Islander. If the funds are insufficient to make the community and junior college allocation, the Secretary is to ratably reduce that allocation.

TITLE IV--STUDENT ASSISTANCE

Title IV contains the following parts and subparts:

- Part A--Grants to Students in Attendance at Institutions of Higher Education
  - Subpart 1--Basic Educational Opportunity Grants (Pell Grants) (sec. 411-411F)
  - Subpart 2--Supplemental Educational Opportunity Grants (sec. 413A-D)
  - Subpart 3--Grants to States for State Student Incentives (sec. 415A-E)
  - Subpart 4--Special Programs for Students from Disadvantaged Backgrounds (sec. 417A-F)
  - Subpart 5--Special programs for students whose families are engaged in Migrant and Seasonal Farmwork (sec. 418A)
  - Subpart 6--Robert C. Byrd Honors Scholarship Program (sec. 419A-E)
  - Subpart 7--Assistance to Institutions of Higher Education (sec. 451-455)
  - Subpart 8--Special Child Care Services (sec. 420B)
- Part B--Guaranteed Student Loan Program (sec. 421-sec. 439)
- Part C--Work-Study Programs (sec. 441-447)
- Part D--Income Contingent Direct Loan Demonstration Project (sec. 451-455)
- Part E--Direct Loans to Students in Institutions of Higher Education (Perkins Loans) (sec. 461-468)
- Part F--Need Analysis (sec. 471-480)
- Part G--General Provisions Relating to Student Assistance Programs. (sec. 481-491)

Altogether title IV contains the authorization for 12 separate programs that provide either grants, loans or work-study awards for students, special services for students, or payments to institutions of higher education. P.L. 99-498 has made significant changes including an intended improvement of student aid delivery by instituting a single need analysis, setting up a master calendar, instituting a new income contingent loan demonstration program and a new child care services program. These changes will be delineated throughout discussion of each part.

Title IV, Part A--Grants to Students in Attendance at Institutions of Higher Education

This part outlines the major programs and purposes of Federal aid to assist in making the benefits of postsecondary education available to eligible students in institutions of higher education. Part A provides the authority for all of the aforementioned programs listed as subparts under title IV, part A.

Title IV, Part A, Subpart 1--Basic Educational Opportunity Grants (Pell Grants) (Section 411-411F)

The Pell Grant program was initially authorized as the Basic Educational Opportunity Grant program by the Education Amendments of 1972 (P.L. 92-318) and was renamed the Pell Grant program by the Education Amendments of 1980 (P.L. 96-374). 5/

5/ For further legislative history and description of the program under prior law, see U.S. Senate, Committee on Labor and Human Resources, Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options, S. Prt. 99-8, 99th Cong., 1st Sess. Prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print. Off., 1985.

The Pell Grant program provides grants to all needy undergraduates, who apply and are eligible, to help them finance their postsecondary education. The institution usually disburses the funds, although the individual's student aid eligibility is determined by a federally established need analysis system. No grant shall exceed the difference between the amount a student and his family are expected to contribute and the cost of attendance at the institution the student is attending.

The changes made to the Pell Grant program by P.L. 99-498 include extending the program through 1991; increasing the maximum Pell Grant; maintaining a separate need analysis system comparable to the previous family contribution schedule, (still entitled Family Contribution Schedule (FCS)) but now written into statute (with particular changes regarding income assessment for independent students with dependents); limiting grants to 5 years for a 4-year course of study and 6 years for a 5-year program.

Maximum Pell Grant--The maximum Pell Grant is set at $2,300 in FY 1987 (for academic year 1987-88), $2,500 in FY 1988 (academic year 1988-89), $2,700 in FY 1989 (academic year 1989-90), $2,900 in FY 1990 (academic year 1990-91) and $3,100 in FY 1991 (academic year 1991-92). The minimum grant is set at $200. (Although the maximum grant is set in statute, the Pell Grant program is considered quasi-entitlement and the actual award level is governed by the level of appropriations. Therefore, appropriations law can alter the maximum grant level which for FY 1987 is set at $2,100.)

Cost limitation--The limit is maintained whereby not more than 60 percent of cost of attendance at a recipient's postsecondary institution would be covered by Pell Grants. In determining the cost of attendance, handicapped needs and child care expenses would be considered. The living allowance for

room, board, books, supplies, transportation, and miscellaneous expenses is $1,700 for a student living with parents and $2,300 for all other students.

Less than half-time students--Less than half-time students will be eligible to participate in the Pell Grant program beginning in 1989-90 academic year if they have no expected family contribution, provided that no statutory reduction is in effect for full-time Pell Grant recipients. Under prior law, only those students attending postsecondary education at least half-time were eligible to participate in the Pell Grant program.

Calculation of eligibility--Each contractor processing applications must furnish the student and administrator at his or her institution with an estimate of the Pell Grant eligibility "index" which is the same as the amount the student and his/her family are expected to contribute toward the student's cost of education. The administrator may if necessary recalculate the eligibility index for the student if there has been a change in circumstances of the student or in the data submitted.

Family contribution schedule--The major changes from the family contribution schedule (FCS) as it currently exists in regulation are that the FCS is now in statute, independent students with dependents have their income assessed as if they are dependent students; deductions are increased for farm and business assets; a new independent student definition with age criteria (age 24) is included. Proceeds of a sale of farm or business are excluded from consideration as income if such sale resulted from a voluntary or involuntary foreclosure, forfeiture, liquidation, or bankruptcy. The basic data elements considered in a family contribution schedule (FCS) are effective income; number of family members in household; number of family members who are enrolled on at least a half-time basis in a program of postsecondary education; assets;

marital status of student; unusual medical expenses; and, tuition paid for another dependent child in elementary/secondary education. A student aid index is computed by adding the expected contribution from parents' income and assets to an expected contribution from the student's income and assets.

Title IV, Part A, Subpart 2--Supplemental Educational Opportunity Grants (Sec. 413A-413D)

Part A, subpart 2 of title IV authorizes Supplemental Educational Opportunity Grants (SEOGs). Under this program the Federal funding is allocated to eligible institutions of higher education for grants to needy undergraduate students. Student need is established under the system described in part F of title IV (need analysis).

P.L. 99-498 amended the program by increasing the maximum grant, requiring institutions to "match" the Federal funds for the first time, removing the limitation on grants to less-than-half-time students, requiring institutions to direct grants to those students with exceptional need, and changing the allocation formula.

The maximum SEOG is $4,000 and the minimum grant is $100. (In prior law the maximum was $2,000 and the minimum grant was $200.) Institutions may make payments of the grant in varying amounts over the academic year.

The Federal share of total awards will be no more than the following: 95 percent in FY 1989; 90 percent in FY 1990; and 85 percent in FY 1991. The non-Federal share must come from the institution's own resources such as institutional grants and scholarships, tuition and fee waivers, State scholarships, and foundation and other charitable funds.

Institutions are required to first award grants to students with "exceptional need," meaning those students at the institutions with the lowest "expected family contribution" under the need analysis system established by part F. Next, priority is required for students who are recipients of Pell Grants.

P.L. 99-498 revised the SEOG allocation formula from a State and institution-based formula to an institution-based formula only. Under the new formula, each institution primarily receives the level of funding that it received in FY 1985. Separate calculations apply to institutions that began participation in the program after FY 1985. Once the minimums under these provisions are satisfied, 25 percent of any additional amount of funding that may be available is distributed on the basis of each institution's proportionate share of the total; the remaining 75 percent is distributed on the basis of the institution's relative "need" under certain measures described in the legislation.

Authorization of Appropriations

For SEOGs, $497 million is authorized in FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

Title IV, Part A, Subpart 3--Grants to States for State Student Incentives (Sec. 413A-D)

The State Student Incentive Grant (SSIG) program was originally added to the Higher Education Act by the Education Amendments of 1972 (P.L. 92-318). (The first appropriation provided FY 1974 funding.)

Through incentive grants to States the SSIG program is designed to encourage the establishment of State student aid programs for needy postsecondary students thus stimulating development and operation of a nationwide delivery system of State programs for student assistance.

The Higher Education Amendments of 1986 extend the SSIG program through 1991, add provisions for certain work-study programs, and alter the previous allocation formula.

State allotment--Each State will receive an amount which bears the same relationship to the total appropriation as the number of eligible students bears to the number of students in all States except that no State may receive less than it received in FY 1979. States may use 20 percent of their allotment for either a work-study program or a community services work learning program or both. The community services work learning program will be provided only to those students eligible for SSIG on the basis of financial need.

Maximum grant--The maximum grant limit per student is set at $2,500, an increase over prior law's maximum of $2,000.

Authorization of Appropriations

For SSIGs, $85 million is authorized for FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

Title IV, Part A, Subpart 4--Special Programs for Students From Disadvantaged Backgrounds (Secs. 417A-417F)

The Special Programs for Students from Disadvantaged Backgrounds consist of 6 separate programs or funding activities:

Talent Search program
Upward Bound program
Student Support Services program
Post-Baccalaureate Achievement program

Educational Opportunity Centers program
Staff Development Activities

These programs are known collectively as the TRIO programs.

The Higher Education Amendments of 1986 (P.L. 99-498) made relatively few changes to this subpart. The primary changes were the extension of the authorization of appropriations, and the authorization of the new Post-Baccalaureate Achievement program.

Talent Search. This program is largely unchanged from the provisions in prior law. The Talent Search program supports projects to encourage youth with postsecondary education potential to complete secondary school and enter college, as well as high school and college dropouts to reenter educational programs. These projects also disseminate information about available postsecondary student aid. Tutorial services for potential postsecondary students and postsecondary dropouts may also be provided.

To be approved for funding, Talent Search projects must serve a population of which not fewer than two-thirds are low-income, first generation college students. A first generation college student is a person neither of whose parents earned bachelor's degrees. For a student residing with a single parent, the limitation applies only to that parent. (Prior law was silent about students residing with single parents.) In addition, projects generally can serve only persons who have completed 6 years of elementary education, or who are 12 to 27 years of age. Veterans are eligible for this and all other TRIO programs regardless of their age. (The Higher Education Amendments of 1986 extended this provision to post-Vietnam era veterans.)

Institutions eligible to conduct projects include institutions of higher education, public and private agencies, and, in exceptional circumstances, secondary schools.

The authorization of appropriations for all TRIO programs is $205 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. The statute does not authorize a specific appropriation for Talent Search.

Upward Bound. This program is unchanged from prior law. It supports projects to foster participation in postsecondary education among low-income and first generation college students.

Projects may provide instruction in subjects necessary for postsecondary success, assistance in high school course selection, counseling, tutoring, exposure to cultural events, activities showing career options, instruction for careers in which disadvantaged youth are underrepresented, and on-campus residential programs. Projects may also provide such services to individuals with limited English proficiency.

The Secretary of Education can award funds to projects only if at least two-thirds of the youth being served are low-income and first generation college students; the remaining participants must be either low-income or first generation college students. In general, participants must have completed 8 years of elementary education and be 13 to 19 years of age.

The kinds of institutions eligible to apply for assistance are the same as those specified for the Talent Search program.

The statute does not authorize a separate specific appropriation for Upward Bound.

Student Support Services. With relatively few differences, this program is a continuation under a new name of the previous Special Services for Disadvantaged Students program. These projects may provide activities for disadvantaged postsecondary students similar to those authorized for the Upward Bound program. In addition, these projects assist students in gaining admission to, and financial assistance for graduate and professional programs. They also assist students enrolled in 2-year colleges secure admission to, and financial aid for, 4-year programs. (This last activity was not authorized under prior law.)

At least two-thirds of each project's participants must be either physically handicapped persons, or low-income, first generation college students. The remaining participants must be low-income individuals, or first generation college students, or physically handicapped individuals.

Only postsecondary education institutions are eligible to conduct these projects.

The statute does not authorize a separate specific appropriations for Student Support Services

Post-Baccalaureate Achievement. This new program supports projects that may provide services such as summer internships, tutoring, counseling, research opportunities and seminars preparing students for doctoral study, and activities to assist students in gaining admissions to graduate programs and financial aid. Participants engaging in research may receive annual stipends of up to $2,400.

At least two-thirds of each project's participants must be low-income, first generation college students; the remaining participants must be from groups underrepresented in graduate education. Postsecondary education institutions are eligible to apply for funding.

Unless other programs and activities authorized under subpart 4 are funded at $168.8 million or more, no funds can be allotted to Post-Baccalaureate Achievement projects. The maximum amount that can be allocated to these projects is $1 million in FY 1988, rising in $1 million increments to $4 million in FY 1991.

Educational Opportunity Centers. These centers provide information on financial and academic assistance, and assist persons applying for admission to postsecondary institutions. Tutoring and counseling may be provided.

Of the persons served by Educational Opportunity Centers, at least two-thirds must be low-income, first generation college students. In general, participants must also be at least 19 years of age.

Institutions eligible to conduct these centers are the same as described for the Talent Search program. Federal funds can cover the full costs of these centers. (Prior law limited Federal funding to 75 percent of the costs of these centers.)

The statute does not authorize a separate specific appropriation for Educational Opportunity Centers.

Staff Development Activities. The Secretary may make grants to higher education institutions and other public and private nonprofit institutions for training persons employed in the projects conducted under subpart 4.

Authorization of Appropriations

The statute authorizes aggregate appropriations for all TRIO programs of $205 million for FY 1987. Such sums as may be necessary are authorized for each of the 4 succeeding fiscal years.

Title IV, Part A, Subpart 5--Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork (Sec. 418A)

Subpart 5 extends the authorization for two programs, the migrant High School Equivalency Program (HEP) and the College Assistance Migrant Program (CAMP). It provides a more detailed list of what the programs may offer, including such things as recruitment, instruction, support services (such as counseling and health services), financial assistance, housing, and exposure to cultural events usually not available to migrants. It also includes definitions of eligible students similar to those in the regulations.

Subpart 5 adds a requirement for management plans, which among other things must provide for training, technical assistance, travel, interagency coordination, and evaluation. Grants are to be awarded for 3 years. The minimum allocation for each grant is to be $150,000. Prior performance is to be taken into consideration when awards are made.

Authorization of Appropriations

For the HEP and CAMP programs together, $9 million is authorized for FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

Title IV, Part A, Subpart 6--Robert C. Byrd Honors Scholarship Program (Sec. 419A-K)

Subpart 6 (Sec. 419A-419K) establishes a program of scholarships to students who show academic excellence and achievement, and promise of continued excellence at any institution of higher education. This program, previously called the Federal Merit Scholarship, was initially authorized as an amendment to the Higher Education Act by P.L. 95-558 and was renamed the Robert C. Byrd

Honors Scholarship Program by the Department of Defense Authorization Act, 1986 (P.L. 99-145).

The Secretary is authorized to make grants to the States (including the District of Columbia, and the Commonwealth of Puerto Rico) to enable States to award scholarships. Scholarships of $1,500 are awarded to individuals, to be known as Byrd Scholars, for a period of 1 academic year for the first year of study at any institution of higher education.

Each participating State is allotted (1) $1,500 multiplied by the number of individuals in the State eligible for scholarships; and (2) $10,000 plus 5 percent of the amount for which a State is eligible. This latter amount is to be used for administrative costs, including costs of the required awards ceremony.

The Secretary's agreement with each participating State requires the State educational agency to administer the scholarship program, to comply with selection procedures, and to conduct outreach activities to publicize availability of scholarships. These outreach activities must provide students from low and moderate-income families with access to scholarship information, and eligibility requirements for participation in the program.

Eligibility criteria require that each student must be a high school graduate of any private or public secondary school (or have the equivalent of a certificate of graduation); must be admitted for enrollment at any institution of higher education; and demonstrate outstanding academic achievement and promise of continued excellence.

The State education agency shall consult with school administrators, school boards, teachers, counselors, and parents, in selecting 10 individuals from each district in a State, District of Columbia, and Puerto Rico. The selection

is made prior to the end of the secondary academic year with each recipient awarded the scholarship at a conveniently located award ceremony.

Authorization of Appropriations

For the Robert Byrd Scholarships, $8 million is authorized for FY 1987, and "such sums as may be necessary" for the 4 succeeding fiscal years.

Title IV, Part A, Subpart 7--Assistance to Institutions of Higher Education (Sec. 420-420A)

Payments to institutions of higher education. Under title IV, part A, subpart 7, P.L. 99-498 continues the prior law authority for payments to institutions. Each institution of higher education is to be entitled to cost-of-education payments with the maximum grant to an institution limited to $500 per Pell Grant aid recipient. Funds are to be used by institutions to defray the costs of instruction in academically related programs for student aid recipients. No funds are authorized for this section for FY 1987.

Veterans Education Outreach (Sec. 420A). In prior law this section was titled "Veterans Cost of Instruction." P.L. 99-498 authorizes a $1,000 minimum award per veteran to an institution (available to that institution over 2 years) to provide programs designed to prepare educationally disadvantaged veterans for postsecondary education.

Eligibility for services are extended to all veterans who have honorable discharges.

Authorization of Appropriations

No funds are authorized for sec. 420, Assistance to Institutions of Higher Education, for FY 1987.

For Veterans Education Outreach, $5 million is authorized for FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

Title IV, Part A, Subpart 8--Special Child Care Services for Disadvantaged College Students (Sec. 420B)

Subpart 8 establishes a new program of grants to institutions of post-secondary education to offer day care services to the children of low-income college students.

Any institution applying to receive a grant must assure that not less than 2/3 of the participants are low-income individuals. A "low-income individual" is defined as an individual from family whose taxable income for the preceding year does not exceed 150 percent of an amount equal to the poverty level established by the Bureau of Census. An institution must insure that each student's full financial need for child care services will be met to help that student pursue education beyond high school. Institutions may use vouchers, contract services, or provide services directly.

Authorization of Appropriations

For child care services, $10 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title IV--Part B--Guaranteed Student Loans (Secs. 421-439)

Part B of title IV authorizes the Guaranteed Student Loan (GSL) program through FY 1992. The program provides several types of loans to students, all

of which are available through private lenders but insured by the Federal Government.

The most common type of part B student loan is the regular GSL, which is a low-interest federally-subsidized loan available to undergraduate, graduate and professional students based on need. For these loans, the Federal Government pays interest while the student is in school and 6 months thereafter; throughout the life of the loan, the Federal Government also pays a "special allowance" to lenders which represents the difference between the student's interest rate and a "fair market rate."

Supplemental loans are available under part B to graduate and professional students as well as independent undergraduates without regard to need but at a higher interest rate than regular GSLs. The "PLUS" program provides similar loans to parents of dependent undergraduates. The Federal Government does not pay in-school interest on these loans and pays a special allowance only under certain economic conditions.

The last type of loan authorized under the GSL program is a consolidation loan. Borrowers may apply for a consolidation loan if they have at least $5,000 in principal outstanding from multiple student loans. This loan is designed to permit borrowers with high student loan balances to lower their monthly payments by extending the repayment period.

The most significant changes of the GSL program under P.L. 99-498 were:

—to require a need test for all regular GSL applicants, when formerly no need test was required for applicants from families with adjusted gross incomes of $30,000 or less;

—to increase aggregate and annual loan limits under the regular GSL program and the supplemental and parent loan programs;

—to increase the current 8 percent interest rate for regular GSLs beginning in the fifth year of repayment to 10 percent, when formerly the rate did not increase over the life of the loan;

—to decrease the special allowance payment by 0.25 percentage points to 3.25 percent (former rate of the 91-day Treasury Bill rate plus 3.5 percent minus the borrower interest rate)

—to add to the conditions under which regular GSL loan repayment may be deferred;

—to require guaranty agencies to pay a reinsurance fee based on their default rates;

—to divide the former PLUS/ALAS supplementary loan program into two separate programs, one called supplemental loans for students and the other called the "PLUS" program for parents;

—to change the interest rate for the supplemental and PLUS loans to a variable rate;

—to authorize a new loan consolidation program, replacing the authorization for a loan consolidation provided under the Consolidated Omnibus Budget Reconciliation Act (COBRA) but never implemented.

Basic provisions of the GSL program affected by the Higher Education Amendments of 1986 are described in greater detail below.

Regular GSLs

P.L. 99-498 amended the regular GSL program through provisions affecting borrowers, lenders and guaranty agencies as follows:

For borrowers, limits on principal that may be borrowed annually are $2,625 for undergraduates during their first 2 years of study and $4,000 per year for the next 3 years of study; for graduate and professional school students the limit is $7,000 per year for up to 5 years of school. The aggregate loan limit for undergraduates is $17,250 and for graduate and professional students is $54,750. These limits become effective for loans to cover costs of instruction for periods of enrollment after January 1, 1987.

Upon enactment of P.L. 99-498 (i.e., October 17, 1986), all applicants for GSLs must undergo a need test and be attending an eligible institution at

least half-time. The interest rate for GSL borrowers is currently 8 percent for new borrowers, or 7 percent or 9 percent depending upon whether the borrower has a GSL in repayment at these rates. Effective July 1, 1988, new GSL borrowers will incur an 8 percent rate on their loans that will rise to 10 percent at the beginning of their fifth year in repayment.

Regular GSL borrowers are subject to certain costs. Since 1981, lenders have been collecting origination fees equal to 5 percent of the loan's principal to offset Federal in-school interest and special allowance payments. Effective for loans applied for on or after July 1, 1987, borrowers will additionally be charged up to 3 percent of their loan principal as an insurance premium to help the guaranty agency defray default costs. Both the origination fee and insurance premium are subtracted from each installment payment by the lender on the proceeds of the loan. P.L. 99-498 increased the loan limit for undergraduate borrowers for the first two years of study by $125 to $2,625 specifically to accommodate the loan origination fee; otherwise, no such accomodation is made for such fees and the loan insurance premium, and these costs are subject to the annual and aggregate loan limits.

Deferments--Repayment of principal and interest on regular GSLs may be deferred for borrowers under certain circumstances for limited periods of time. Effective for new GSL borrowers of loans to cover periods of enrollment after July 1, 1987, there are the following new deferments:

—for a period the borrower is attending an instituion of higher education at least half-time but less than full-time with a part B loan for the period of enrollment;

—of up to 3 years for active-duty in the National Oceanic and Atmospheric Administration Corps;

—of up to 3 years for employment as a full-time elementary and secondary school teacher in a "shortage area" as defined by P.L. 99-498;

—of up to 3 years while the borrower is unemployed because of having to care for a disabled dependent;

—of up to 2 years while the borrower is unemployed;

—of up to 6 months of "parental leave" during which the borrower is pregnant, caring for a newborn or newly adopted child, unemployed and not attending an institution of higher education, and following, by 6 months or less, a period during which the borrower was attending an institution of higher education at least half-time;

—of up to 1 year for mothers of preschoolers entering or reentering workforce and earning no more than $1 per hour over the minimum wage.

The period of the deferment extends the regular GSL period, which is currently 10 years.

Foreign medical schools requirements—There are new eligibility requirements for certain foreign graduate medical schools to participate in the GSL program. To qualify as an eligible institution, the school must have at least 60 percent of its student body be nationals of the country in which the school is located. If the school does not meet this requirement, it may qualify if U.S. nationals attending the institution have a pass rate of at least 45 percent on examinations administered by the Educational Commission for Foreign Medical Graduates for the first and second years after the enactment of P.L. 99-498 and a pass rate of 50 percent thereafter.

Special Allowance—The most significant provision affecting lenders is that of reducing the special allowance by 0.25 percentage points to the level of the 91-day Treasury bill (T-bill) plus 3.25 percent minus the borrower interest rate. (The prior law special allowance was T-bill plus 3.5 percent minus borrower interest.) The new rate becomes effective for loans made to

cover the costs of periods of enrollment on or after November 15, 1986. The Maine State secondary market and the South Carolina direct lender receive a special allowance at the old rate of the T-bill plus 3.5 percent minus borrower interest. The special allowance for holders of loans purchased or made with the proceeds of tax-exempt bonds is one-half the rate of the T-bill plus 3.5 percent minus borrower interest.

P.L. 99-498 reinforces multiple disbursement. Since the summer of 1986, lenders have been required to disburse regular GSLs in installments, depending upon the semester, quarter or similar academic schedule of the institution the borrower attends. Multiple disbursement applies to regular GSLs only and not to supplemental parent and student loans, consolidation loans or loans to students attending foreign schools. The law also authorizes lenders other than the holder of the loan and guaranty agencies to act as escrow agents for loan disbursements.

A new provision prohibits lenders from making a "windfall" profit in case the new 10 percent interest rate after the fourth year of the loan exceeds the special allowance. In such cases, the lender must credit the borrower's account with the difference between the lower special allowance level and interest payment. The new law requires the Secretary of Education to study the issue of windfall profits and submit within 6 months any recommended changes in the law.

Effective January 1, 1987, lenders must issue a statement on the rights and responsibilities of borrowers with respect to the GSL they are borrowing, and the consequences of defaulting on the loan, including that they will be reported to credit bureaus. Before disbursement, lenders must disclose to borrowers the total cumulative balance of the loans owed the lender, the

borrower's projected level of indebtedness over a 4-year college career, and estimates of monthly repayments given that indebtedness.

The Rural Rehabilitation Corporation, stock savings banks, and trust companies are new eligible lenders.

The law prohibits lenders from offering inducements for loan applications, conducting unsolicited mailing for applications, or using GSLs as an inducement to a prospective borrower to buy life insurance or from engaging in fraudulent or misleading advertising.

Guaranty agencies--The following provisions of part B concern guaranty agencies.

Effective with enactment of P.L. 99-498, guaranty agencies will be required to pay a reinsurance fee to the Federal Government equal to 0.25 percent of the total principal insured that fiscal year or 0.50 percent of principal insured if the guaranty agency's default rate is over 5 percent. The default rate is the agency's total reimbursements for defaults paid by the Federal Government divided by its total outstanding insured principal in repayment that year.

The Federal Government is required to recover advances it has made to guaranty agencies to help them with start-up costs. P.L. 99-498 requires the Secretary of Education to collect $75 million in outstanding advances from the agencies in FY 1988 and $35 million in FY 1989. In making collections, the Secretary is required to consider the solvency and maturity of the reserve and insurance funds of the agency; the Secretary is not to seek repayment from agencies having advances less than 5 years; and repayment may not encumber any reserve fund requirement under State law to which the guaranty agency may be subject. In a related area, the law now requires the Federal Government to pay the guaranty agency a full 1 percent administrative cost payment based on total loan principal it insures in a given fiscal year.

Guaranty agencies are now required to insure a full 100 percent of loan principal--previous law had required them to insure 80 percent. Guaranty agencies may not restrict insurance for students otherwise eligible for GSLs if the student is accepted for enrollment in or attends an institution in the State, or if the student is a resident of the State attending school elsewhere. Other provisions protect the eligibility of certain lenders and institutions for insurance through a guaranty agency. A guaranty agency or a State designated nonprofit agency must also act as a "lender of last resort" for students otherwise eligible for regular GSLs and unable to obtain them.

Guaranty agencies may transfer loans to other guaranty agencies with the approval of the holder of the loan and the other guaranty agency. As of January 1, 1987, a guaranty agency may request information on loans made to students who are residents of their State from another guaranty agency that is insuring a loan to the student.

Default prevention and collections--The guaranty agreement with the Federal Government must include procedures to protect the United States from unreasonable loss and to assure "due diligence," including a requirement that the beneficiary or the insurer prove that attempts were made to contact the delinquent borrower or that the borrower was contacted. Guaranty agencies are authorized to provide information on a defaulting student to the school he or she attended.

To enhance collections on defaulted loans, guaranty agencies are newly authorized to enter into forebearance agreements with borrowers even after loans are declared in default. Such agreements between borrowers and lenders revise repayment schedules so that borrowers are better able to repay loans.

Once guaranty agencies collect insurance on defaulted loans they are authorized to keep a full 30 percent of the collections, with the remainder sent to the Federal Government. P.L. 99-498 newly authorizes States with garnishment statutes that meet certain criteria under part B to retain 35 percent of collections.

Supplemental Loans for Students and Parents

Sections 428A and 428B of part B respectively authorize supplemental loan programs for independent undergraduates, graduate and professional students (Supplemental Loans for Students); and loans for parents of dependent students (PLUS loans). The major elements of these programs are virtually identical.

Eligible students or parents of dependent undergraduates may borrow up to $4,000 annually under the programs to a cumulative limit of $20,000. There is no need test for supplemental student or PLUS loans, and they may be used to help meet the expected family contribution for need-tested student aid programs. Supplemental student and PLUS loans may not, however, be made in cases when a student's total loans would exceed the estimated cost of attendance minus the estimated financial assistance that the student is expected to receive.

Beginning July 1, 1987, the interest rate on supplemental and PLUS loans will be variable based on the average of the bond equivalent rates of the 91-day Treasury bill for the 12 months preceding November 30 plus 3.75 percent with a maximum rate of 12 percent. Until that time, the prior law PLUS/ALAS program interest rate of 12 percent (or 14 percent if the T-bill average is more than 14 percent) applies. There is no Federal interest subsidy on supplemental loans. Borrowers are required to pay the 3 percent insurance premium

on supplemental and PLUS loans, but are not liable for any loan origination fees.

Unlike the regular GSL program, the supplemental/PLUS programs require repayment on the loan to begin within 60 days after disbursement. Both student and parent borrowers have the option to have repayment deferred while the student or dependent undergraduate is in school. All other deferments available under the regular GSL program are available to student borrowers; parent borrowers may have payments deferred for up to 3 years if they are temporarily totally disabled, up to 2 years if they are unemployed or while their son or daughter remains in school at least half time. With agreement between the borrowers and lender, the interest may either be paid quarterly during the deferral period, or be capitalized (i.e. added to the principal, thereby increasing the borrower's total debt.)

Lenders are authorized to consolidate supplemental loans, including loans to students made under the old ALAS/PLUS (previous designation for auxiliary loans to assist students and for parent loans for undergraduate students) program so that the borrower may have a single payment of principal and interest. The interest rate is the weighted average of the rates of the loans consolidated; the repayment period begins with the first repayment for the most recent loan under the consolidation.

Borrowers may request lenders from whom they obtained an old ALAS loan to refinance the loan to secure the variable interest rate. The lender may charge the borrower up to $100 to cover administrative costs, half of which is paid to the guaranty agency to cover costs of refinancing. The insurance on the loan is unaffected by the refinancing and borrowers may not be charged any additional insurance fee.

Borrowers unable to secure refinancing through their original lenders may seek it from other lenders. These borrowers would be subject to an insurance fee but not the administrative cost fee.

Holders of ALAS loans are required to notify borrowers of the refinancing options available to them by January 1, 1987.

Consolidation Loans

Section 428C of part B authorizes consolidation loans through September 30, 1992. Under this program, student borrowers with outstanding loan principal of at least $5,000 in regular GSLs, ALAS loans and supplemental loans for students, National Direct Student Loans (newly designated "Perkins Loans"), or Health Professions Student Loans (HPSLs) may consolidate the balance into one loan.

Applicants for consolidation loans must either be in repayment status or in the 6-month "grace" period after they leave school and may not be more than 90 days delinquent in payments on any loan. Potential borrowers must first seek consolidation through a lender holding one of their loans. If none of the holders will consolidate the loans, the individual may seek consolidation through any lender having a consolidation insurance agreement with the Federal Government or with a guaranty agency. Such lenders may include the Student Loan Marketing Association (Sallie Mae), State agencies acting as lenders or secondary markets, banks or any other lenders eligible to participate in the part B programs.

The interest rate on a consolidation loan is the weighted average of the loans being consolidated, with a minimum rate of 9 percent. The borrower's interest rate on the consolidation loan is used to calculate special allowance payments to the lender on individual loans that are part of the consolidation

and not the original interest rates of the individual loans. The repayment schedule on consolidation loans is determined by the loan balance as follows:

$5,000 up to $7,500--10 years
$7,500 up to $10,000--12 years
$10,000 up to $20,000--15 years
$20,000 up to $45,000--20 years
$45,000 and over--25 years

Repayment of the consolidation loan begins within 60 days after all holders of the loans being consolidated discharge the borrower liability of the borrower for the original loans. The deferments under the regular GSL program of attending school at least half-time, being disabled or caring for a disabled dependent (up to 3 years), or being unemployed (up to 2 years) apply to consolidation loans.

Borrowers consolidating loans are not subject to any insurance premium or loan origination fees. Borrowers are required to pay off any accrued unpaid interest on the loans being consolidated as their first installment.

Other Provisions of Part B

Other provisions of part B apply to the general administration of the Guaranteed Student Loan program or the Student Loan Marketing Association, (Sallie Mae).

Those provisions affecting general programs administration:

--authorize guaranty agencies to commingle (mix one type of part B fund, such as an administrative cost payment, with another, such as a reimbursement for default part B funds) all part B funds;

--authorize guaranty agencies, lenders and holders of loans to notify credit bureaus concerning borrowers who have not repaid loans;

--authorize the Comptroller General of the United States and the Inspector General of the Department of Education to audit guaranty agencies, lenders, authorities issuing bonds for student loans, and,

at the request of Congressional authorizing committees, a representative sample of lenders to examine the payment of special allowances;

—raise the civil penalties for violations of provisions of part B from $15,000 to $25,000.

—authorize the Secretary of Education to limit, suspend, or terminate lenders from program participation under certain circumstances;

—authorize the Secretary of Education to sell defaulted loans;

—prohibit the Secretary of Education from requiring lenders from collecting origination fees for loans on which no interest subsidies or special allowances are paid by the Federal Government.

Authorities in the States issuing bonds to provide capital for student loans must submit to the Governor of the State and the State's principal guaranty agency a "plan for doing business" with various elements described in the law. The Governor must approve or disapprove this plan after consultation with the guaranty agency. If approved, the plan must be submitted to the Secretary of Education within 60 days of approval. Prior law required the Secretary to approve the plan for doing business.

The Secretary is required to report to congressional authorizing committees on student loan credit financed by tax-exempt obligations.

An amendment to the authorization for Sallie Mae (Student Loan Marketing Association) authorizes it to buy, sell, hold, insure, underwrite or otherwise deal in bonds to finance certain types of construction of educational and training facilities. Other amendments pertain to Sallie Mae's authority to enter into other activities that are not specified. Additional amendments authorize Federal Reserve banks to act as depositories, custodians or fiscal agents for the corporation.

Authorization of Appropriations

GSLs are generally authorized through FY 1992. While smaller components of the program, such as advances to guarantee agencies, have specific authorization levels, the primary activities such as insurance and subsidy payments are entitlements with no limit on appropriations.

Title IV, Part C--Work Study Programs (Sec. 441-447)

Part C of title IV authorizes the College Work Study (CWS) program. This program provides Federal aid to institutions of higher education to partially finance part-time employment for needy undergraduate, graduate, and professional students to help them meet college costs. Program funding may also be used by institutions for job location and development centers to assist all students in finding in-school, part-time work or summer jobs; and for "community service learning" work-study programs providing students with part-time jobs that benefit low-income groups and individuals.

Major amendments to the program by the Higher Education Amendments of 1986 changed the formula for the allocation of Federal funds among institutions; required some increases in the non-Federal share of program costs; authorized CWS funding to be used by students at proprietary institutions for the first time; authorized CWS funds to be used, at the institution's discretion, for part-time employment of students in the private sector; and increased the portion of the institution's CWS funds that may be used for job location and development centers and community service learning jobs.

P.L. 99-498 revised the CWS allocation formula from a State and institution-based formula to an institution-based formula only. Each institution primarily receives the funding that it received in FY 1985 with separate calculations applying to institutions that began program participation after

that time. Once the minimums under these provisions are satisfied, 25 percent of any additional funds that may be available from program appropriations is distributed on the basis of each institution's proportionate share of the total; the remaining 75 percent is distributed on the basis of the institution's relative "need" under certain measures described by the legislation. If an institution does not use all of its CWS funds, the Secretary of Education redistributes 75 percent of such funds on the basis of the standards used for "additional" funds as mentioned above, and 25 percent to institutions for improving or expanding community service-learning programs conducted with CWS assistance.

The Federal share of programs costs changed from 80 percent to the following sliding scale of decreasing percentages:

80 percent Federal share for academic years 1987-1988 and 1988-89;

75 percent Federal share for academic years 1989-90;

70 percent Federal share for academic years 1990-91 and succeeding years.

The Federal share of costs for community service-learning is 90 percent.

The 1986 amendments repealed a section of previous law that had precluded CWS funds from being used by students at proprietary schools.

Effective for periods of enrollment on or after July 1, 1987, participating institutions of higher education may enter into agreement with the Federal Government to use up to 25 percent of their CWS allocation to support part-time employment for students in the private sector. The Federal share of the costs is limited to 60 percent for academic years 1987-1988 and 1988-1989; 55 percent for academic years 1989-1990; and 50 percent for academic year 1990-1991 and

thereafter. The private sector jobs funded by the CWS program must be academically relevant, and the for-profit organizations may not use CWS funds to pay for the employment of individuals they would otherwise employ with their own funds.

Effective for periods of enrollment on or after July 1, 1987, participating institutions may use up to 10 percent or $30,000, whichever is less for job location and development centers. Current law authorizes a maximum expenditure of $25,000. Institutions may also use 10 percent or $20,000, whichever is less, to establish or expand a program of locating developing community service jobs for students. Current law authorized 10 percent of an institution's administrative funds to be expended on community service-learning programs. Jobs provided under these programs must, to the maximum extent practicable, complement the educational program of the students.

Authorization of Appropriations

For CWS, $656 million is authorized for FY 1987 and such sums as may be necessary for the succeeding 4 fiscal years through FY 1991.

Title IV, Part D--Income Contingent Direct Loan Demonstration Project (Sections 451-455)

This is a new part of title IV. Although it is related to the National Direct Student Loan (NDSL) program (Part E) in several respects (see below), it is a separate legislative provision. 6/

6/ For a detailed discussion and analysis of the Reagan Administration's income contingent loan proposal in the 99th Congress, see the Congressional Research Service report, Student Loans--An Income Contingent Approach Proposed by the Reagan Administration for National Direct Student Loans, by Wayne Riddle, Report No. 96-669 EPW, April 23, 1986, 41 p.

Under this demonstration program, up to 10 institutions of higher education may receive assistance for a pilot program of income-contingent student loans. While certain of the provisions of the pilot loan program are specified in P.L. 99-498, many basic specifications are left to be determined by Department of Education regulations, and there are some loan terms and conditions over which higher education institutions will have discretion. Loan provisions specified in the legislation include the following:

—loans will be available to undergraduate students only;

—participating institutions will contribute 10 percent of total loan principal (the remainder coming from Federal appropriations);

—the aggregate loan limit is $17,500 ($2,500 for each of the first 2 years, $3,500 for the third year, and $4,500 for a fourth or fifth year of undergraduate education); and

—the interest rate to borrowers is to be equal to the rate for 91-day Treasury bills plus 3 percent (which would currently be approximately 8.5 percent).

Certain other provisions of the pilot program are stated in only general terms in the legislation: that loan repayments will be annually adjusted in accordance with borrower income and the amount borrowed; and that a fixed payment schedule may be used for the first 2 years of repayment.

Other loan program provisions are to be established in accordance with regulations to be published by the Secretary of Education, or terms set by the participating educational institutions. 7/

7/ For details on additional loan terms these provisions, see the Congressional Research Service report referred to in the preceding footnote. A similar proposal has been included in the Administration's budget request for FY 1988, but few details on the latter proposal are publicly available.

Finally, the Secretary of Education is to submit a report to the Congress on the feasibility of extending this pilot program to a general program of direct (i.e., capitalized by Federal Government and institutional contributions, rather than through commercial financial markets) student loans, beginning in FY 1991 or thereafter.

Authorization of Appropriations

For title IV, part D, $5 million is authorized for FY 1987 and such sums as may be necessary for FY 1988-1991.

Title IV, Part E--Direct Loans to Students in Institutions of Higher Education (Perkins Loans) (Sec 461-468)

Part E of title IV authorizes direct loans to students through institutions of higher education known as "Perkins Loans" under P.L. 99-498 and formerly called National Direct Student Loans. This program provides Federal assistance to institutions of higher education for the institution to operate a revolving loan fund from which needy students may borrow low-interest (5 percent) loans to meet educational expenses. The Federal assistance, which is allocated among participating institutions on the basis of a formula, is used for new capital for their revolving funds as well as to pay for loan cancellations authorized for certain borrowers under the program.

Major amendments to the program as provided under P.L. 99-498 changed the allocation formula used to distribute Federal funds reducing payments of new capital contributions to institutions with high default rates, required priority for loans to be given to needy students, increased loan limits, extended the period after which loan repayment would begin from 6 months to 9

months after the borrower finishes school, expanded deferments, and provided new conditions under which loans could be cancelled.

Allocation formula--P.L. 99-498 revised the Federal allocation formula from a State and institution-based formula to an institution-based formula only. Under the new formula, each institution participating in the program in FY 1985 would receive the funding that it received in FY 1985 multiplied by a "default penalty," which is the complement of its default rate if such rate is over 7.5 percent but less than the maximum rate. Institutions reaching the maximum annual default rates of 20 percent and over during award years 1988, 1989, or 1990 and 15 percent thereafter may not receive any new capital contributions for the following year. Next, separate calculations for maximum allocations apply to institutions that began participation in the program after FY 1985. For any fiscal year after an institution receives an initial allocation under the above formula, the institution receives the same amount multiplied by its annual default penalties as described above.

Once the complete allocations to all participating institutions are satisfied, 25 percent of any additional amount of funding that may be available is distributed on the basis of each institution's proportionate share of the total; the remaining 75 percent is distributed on the basis of the institution's relative "need," as described by the legislation, as well as other measures.

Borrower eligibility and other requirements--Institutions must first make loans to students with exceptional need, effective with loans for periods of enrollment after July 1, 1987. (This was not a requirement of previous law.) If an institution's allocation is based on enrollments of less than full time

students, then the loans must be made available to a "reasonable proportion" of such students.

Loan limits--Aggregate loan limits are increased to $18,000 for graduate and professional students (includes all undergraduate borrowing under the program), $9,000 for undergraduates with 2 years of credit, and $4,500 for all others.

Effective with loans made to new borrowers to cover costs for periods of enrollment after July 1, 1987, loan repayment under the program commences 9 months after the student ceases to attend school at least half time, and ends 10 years and 9 months after attending school. In all other cases, the "grace period" remains at 6 months, as established in prior law.

Deferments and cancellations--Loan repayment may be deferred under certain conditions. The amendments expand deferments for new borrowers of loans for periods of enrollment after July 1, 1987 to additionally include: service in the National Oceanic and Atmospheric Administration Corps; up to 3 years for unemployment due to the disability of a dependent (formerly limited to disability of a spouse); up to a year for mothers who have preschool age children and are entering or reentering the workforce with wages no higher than $1 above minimum wage.

The new law restates cancellation provisions. Effective for new borrowers of loans for periods of enrollment after July 1, 1987, loans may be cancelled for service in the Peace Corps or Vista. The rate of cancellation is 15 percent for the first and second years of service and 20 percent for the third and fourth years.

Authorization of Appropriations

For title IV, part E, Perkins loans, $268 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years through FY 1991.

Title IV, Part F--Need Analysis (Secs. 471-480)

Part F under title IV establishes a single need analysis system in statute for all of the title IV student aid programs (CWS, Perkins Loans, regular GSL, SEOG) except Pell Grants, SSIGs, Supplemental, Parent, and Consolidated Loans. Need analysis is the process of determining the cost of attendance, the expected family contribution, and the remaining need of a student for financial assistance. The need analysis system in law is based on the Uniform Methodology with some modification developed by the National Student Aid Coalition and used previously to determine eligibility for campus-based student aid. Part F of prior law, "General Provisions Relating to Student Aid" contained a general framework for need analysis, but the actual formula and assessment rates on income and assets were not set in statute. The Education Amendments of 1980 which amended prior law contained provisions for a single need analysis to be applied to Pell Grants as well. However, these provisions were superceded by subsequent legislation that maintained the Pell Grant schedule as a separate system of need analysis.

Certain aspects of the need analysis as modified by the Higher Education Amendments of 1986 are discussed briefly below. In the treatment of assets, home equity is to be excluded from consideration for dislocated workers and displaced homemakers. (Previously, home equity for all persons was considered in determining need.) A simplified need analysis for low income students is newly authorized. This is available to students from families with adjusted gross incomes equal to, or less than, $15,000 a year. A new definition of

"independent" student is included. (Prior law defined an independent student strictly in terms of a student's financial and living relationship with his or her parents.) A student is considered "independent" if he/she is age 24 or older; is an orphan or ward of the court; married (not claimed as a dependent); not married but with legal dependents; a veteran; a graduate or professional student (not claimed as a dependent); or is a single undergraduate not claimed as a dependent for 2 calendar years preceding the award year and who demonstrates an annual total income of $4,000. A financial aid administrator can declare a student independent due to unusual circumstances.

Title IV, Part G--General Provisions Related to Student Assistance Programs (Sec. 481-491)

P.L. 99-498 has added a new part G, replacing part F in prior law, "General Provisions Relating to Student Assistance Programs." The major changes include instituting a master calendar to help with student aid delivery, establishing a common financial aid form to help simplify student aid processing, preparation of a pre-eligibility financial aid form, and establishing a toll-free student aid information number. Part G contains common definitions, outlines general student eligibility requirements, and general institution participation provisions.

Master calendar--A master calendar is to be established for student aid delivery and the Secretary is required to comply with the schedule beginning February 1 when the first meeting on form designs is to be held, to June 1 of the following year when Pell Grant authorizations are sent to institutions.

Common financial aid form--A common financial reporting form is to be developed to determine need and eligibility for all title IV student financial aid.

Student information on eligibility--A pre-eligibility Federal financial aid form is to be developed giving a pre-eligibility index to student applicants to help them plan for college financing. Students are to be provided information on eligibility, including the use of a toll-free number for student aid information. When students are determined they must be eligible, being provided a student assistance report.

Student eligibility--Eligibility for a grant, loan or work-study program requires a student to be enrolled or accepted for enrollment in a degree or certificate granting program and maintaining satisfactory progress. To be eligible, a student must be a citizen, national, a permanent resident, or an individual with the intent of becoming a permanent resident. To be eligible for a student loan, an undergraduate applicant must first have filed for a Pell Grant.

Satisfactory progress--To remain eligible for Federal Student aid; a student must, after completion of the sophomore year in college, maintain a cumulative "C" average or academic standing consistent with the requirements of graduation at that institution.

Ability to benefit--A new provision is included for "ability to benefit" students. Students who have not earned a high school diploma or its equivalent (GED) must pass a standardized aptitude test measuring their ability to complete their chosen course of study. If the student fails the exam, he/she must receive remedial instruction.

Statute of limitations--A new clause is included whereby an institution receiving Federal student aid funds may file suit for collection of a refund from a student up to 6 years following the date a refund came due.

Institutional and financial assistance information--New clauses establish that each eligible institution shall carry out dissemination of information for prospective and enrolled students including the student aid programs available, methods of distribution of aid, forms, applications, and the rights and reponsibilities of students receiving aid. The Department must provide information to analyze the debt burden obligation for students.

National student loan data system--A new authority is included for a nationwide computerized student loan data system containing information on loans made, insured or guaranteed under title IV, part B (Guaranteed Student Loans) or title IV, part E (Perkins loans).

Training in financial aid and student support services--The Secretary is authorized to enter into contracts with appropriate agencies or organizations to provide student services through financial aid administrators, counselors, and others.

Program participation agreements--Any eligible institution desiring to participate in title IV programs must enter into an agreement with the Secretary of Education.

Advisory Committee on Student Financial Assistance--An independent Advisory Committee is established to provide "advice and counsel" to Congress and the Secretary on student aid matters. This 11-member committee will develop and review need analysis methods; review and comment on student aid regulations; recommend data collection needs; recommend analysis of student aid programs; and, focus particularly on practices including the special needs of low-income, disadvantaged, and non-traditional students.

TITLE V--TEACHER TRAINING AND DEVELOPMENT

Title V is divided into five parts:

Part A--Midcareer Teacher Training for Nontraditional Students (Sec. 511-515)

Part B--School, College, and University Partnerships (Sec. 521-525)

Part C--Professional Development and Leadership Programs (Sec. 531-545)

Part D--Teacher Scholarships and Fellowships (Sec. 551-566)

Part E--State Task Forces on Teacher Training (Sec. 571)

As amended, title V of the Higher Education Act (HEA), Teacher Training and Development, authorizes activities under a new title "Educator Recruitment, Retention, and Development." The new legislation consists of five parts mentioned above.

Parts A, B and C are new provisions that are different from the prior statutory provisions. The part C program for professional development resource centers to improve teacher skills represents a new program, but the part C program for training school administrators, Leadership in Educational Administration Development (LEAD), is the continued authorization of a program not previously included in HEA. Both part D programs had been authorized under part E of HEA title V, but were renamed in the newly enacted version of HEA. Part E is a new provision.

Title V, Part A--Midcareer Teacher Training for Nontraditional Students

Part A authorizes the Secretary of Education to make discretionary grants to institutions of higher education (IHEs) for programs to assist individuals who want to change careers and prepare for the teaching profession. Programs are to be for persons who possess current subject matter knowledge and the characteristics that would make them likely to succeed as classroom teachers. Programs are to be developed cooperatively with the local business community and also under a cooperative agreement between the IHE and one or more State educational agencies (SEAs) or local educational agencies (LEAs).

For title V, part A, $3.5 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title V, Part B--School, College, and University Partnerships

Under this part, the Secretary of Education is authorized to make discretionary grants to IHEs for cooperative projects with LEAs serving low-income students to: (1) improve the academic skills of public and private nonprofit secondary school students; (2) increase the opportunities of these students for postsecondary education; and (3) improve the prospects of these students for employment. Such partnerships may include businesses, labor organizations, professional associations, community-based organizations, or other private or public agencies or associations.

The Secretary also is authorized to award four grants for pilot community college partnership projects to four specific community colleges; each project is to be in conjunction with an LEA and at least one local business or industry.

For title V, part B, $15 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title V, Part C--Professional Development and Leadership Programs

Part C authorizes two separate subparts to: (1) upgrade the skills of teachers; and (2) improve the quality of administrative leadership.

Title V, Part C, Subpart 1--Professional Development Resource Centers

The Secretary of Education is authorized to make grants to LEAs, or consortia of LEAs, to assist in planning, establishing, and operating professional development resource centers. The purpose of such centers is to conduct activities that will assist public and private nonprofit elementary and secondary school teachers in making effective use of educational technologies, enhancing subject matter expertise, learning new classroom management techniques, applying current research on learning and teaching, and applying creative approaches toward achievement of instructional goals, including the best use of available community resources.

For professional development resource centers, $15 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title V, Part C, Subpart 2--Leadership in Educational Administration Development (LEAD)

This program was previously authorized as title IX of the Human Services Reauthorization Act, P.L. 98-558, enacted October 30, 1984 and remains relatively unchanged from prior law. (A primary change is the inclusion of administrators from private nonprofit elementary and secondary schools.)

In administering LEAD, the Secretary of Education is authorized to enter into contracts for the establishment and operation of technical assistance

centers in each State to promote the development of the leadership skills of public and private nonprofit elementary and secondary school administrators. Such contracts may be with LEAs, intermediate school districts, SEAs, IHEs, private management organizations, or nonprofit organizations (or consortia of such agencies). Particular emphasis is to be placed on increasing access for minorities and women to administrative positions. Activities are to include collecting information on leadership skills, assessing the leadership skills of participants, conducting training programs, operating consulting programs, and maintaining curricula and materials on leadership skills from various sources.

For the LEAD program, $10 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title V, Part D--Teacher Scholarships and Fellowships

Under part D, separate subparts authorize: (1) postsecondary education scholarships to high school students indicating an interest in becoming teachers; and (2) fellowships to outstanding public or private school teachers.

Title V, Part D, Subpart 1--Congressional Teacher Scholarship Program

Provisions of this program are similar to the Carl D. Perkins Scholarship program previously authorized under part E of HEA title V; the provisions were enacted in P.L. 98-558.

Through grants allocated to the States on the basis of population, this subpart authorizes a maximum of 10,000 scholarships, not to exceed $5,000 each. The scholarships are for outstanding high school graduates who

demonstrate an interest in teaching at the pre-school, elementary, or secondary levels. The State agency administering the program shall establish selection criteria and procedures to be used in reviewing the applications and making the awards. Recipients are required to fulfill a service requirement or repay the funds.

For Congressional Teacher Scholarships, $13.5 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

Title V, Part D, Subpart 2--Christa McAuliffe Fellowship Program

Provisions are similar to the National Talented Teacher Fellowship Program enacted in P.L. 98-558 as an amendment to HEA title V.

The Secretary of Education is authorized to award one national teacher fellowship in each congressional district of each State, and in the District of Columbia, and the Commonwealth of Puerto Rico; and one such fellowship in each of the Outlying Areas. The purpose of the program is to help talented public or private school teachers upgrade their teaching skills. The amount of each award is not to exceed the average national salary of public school teachers. Recipients may use the funds for study or research sabbaticals, consultations with other schools, development of innovative programs, or model teacher programs and staff development.

For the Christa McAuliffe Scholarships $2 million is authorized for FY 1987, and "such sums as may be necessary" for the 4 succeeding fiscal years.

Title V, Part E--State Task Forces on Teacher Training

As a condition of a State receiving any funds under this title, the SEA must establish a State task force on teacher training. The SEA, in consultation with the task force, shall: (1) conduct an assessment of the State's needs for recruiting, training, retraining, and improving the performance of instructional and administrative personnel in the State's pre-school, elementary, and secondary schools; and (2) develop a long-range plan to meet the identified needs. Population-based allocations are authorized to each State.

For State task forces title V, part E, $1 million is authorized for FY 1987, and "such sums as may be necessary" for the 4 succeeding years.

Authorization of Appropriations

For title V, part A, $3.5 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part B, $15 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part C, subpart 1 (professional development resource centers) $15 million is authorized for FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part C, subpart 2 (LEAD), $10 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part D, subpart 1 (Congressional Teacher Scholarships), $13.5 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part D, subpart 2 (Christa McAuliffe Fellowships) $2 million is authorized for FY 1987, and such sums as may be necessary for the 4 succeeding fiscal years.

For title V, part E, $1 million is authorized for FY 1987 and such sums as may be necessary for the 4 succeeding fiscal years.

TITLE VI--INTERNATIONAL EDUCATION PROGRAMS

This title contains three parts:

Part A--International and Foreign Language Studies (sections 601-610)

Part B--Business and International Education Programs (sections 611-613)

Part C--General Provisions (sections 621-622)

Under both previous law and P.L. 99-498, part A of title VI authorizes grants for foreign language and area studies centers at higher education institutions, fellowships for students at such centers, research related to international education, undergraduate international studies and foreign language programs, plus business and international education programs. As described below, P.L. 99-498 authorizes new programs of additional stipends--awarded through a national competition--for students in their third year of graduate education; foreign language resource centers; grants to institutions of higher education with substantial foreign language enrollments and entrance/graduation requirements; intensive summer language institutes; and, purchase of periodicals published outside the United States.

Title VI, Part A--International and Foreign Language Studies

Provisions for part A grants to foreign language and area studies centers are extended and rewritten, but with only a few significant revisions. Authority to provide support through contracts (as opposed to grants) is removed; and a new class of stipends for students beginning their third year of graduate studies is added to the existing, general undergraduate and graduate student stipend authority. Funds could be provided for the new class of stipends

only if funds for regular stipends equal or exceed the FY 1985 level. The new class of stipends could be held for up to four years, and could be used for educational and travel costs in the United States and abroad. Finally, applications for grants to foreign language and area studies centers are to be evaluated separately for undergraduate and graduate level centers; new definitions of "comprehensive" and undergraduate language and area centers are added to help clarify this requirement.

The current part A authorization for "international studies centers" is replaced with a somewhat more focused program of "language resource centers." These centers would conduct research and development on foreign language teaching and testing techniques, teacher training, and publication of instructional materials and research findings.

The part A provisions for undergraduate international studies and foreign language programs are amended by addition of an authorization for grants to higher education institutions with relatively high foreign language course participation and entrance/graduation requirements. Eligible institutions are those where 5 percent or more of students are enrolled in foreign language courses, and entering students must have at least 2 years of secondary school foreign language courses or 2 years of undergraduate foreign language courses are required for graduation.

A new section 605 authorizes grants to institutions of higher education for intensive summer language training of teachers or advanced students. Grants must be awarded on the recommendation of broadly representative peer review panels.

A new section 607 of part A authorizes the appropriation of $1 million for FY 1987, and such sums as may be necessary for FY 1988-91, for purchase,

collections maintenance, or dissemination by institutions of higher education and other libraries of periodicals published outside the United States.

Title VI, Part B--Business and International Education Programs

Part B of title VI, authorizing business and international education programs, is extended, with the only substantive amendment being the addition of overseas internships as an authorized activity. Part B programs are intended to increase the international dimensions of business education curricula.

Title VI, Part C--General Provisions

Part C is amended to revise the requirements for an advisory board on title VI programs. Among the additional responsibilities for the board under P.L. 99-498 is to advise the Secretary of Education and the Congress on "adequate" funding levels for title VI programs.

Separately, under title XIII, Education Administration (sec. 1302) of P.L. 99-498, the Secretary of Education is mandated to undertake a study of the feasibility of establishing a National Endowment for International Studies.

Authorization of Appropriations

For title VI, part A, $49 million is authorized for FY 1987 and such sums as may be necessary for FY 1988-1991.

For title VI, part B, $5 million is authorized for FY 1987 and such sums as may be necessary for FY 1988-1991.

TITLE VII—CONSTRUCTION AND RENOVATION

Title VII of P.L. 99-498 amends title VII of the HEA, for "Construction, Reconstruction, and Renovation of Academic Facilities." As amended, title VII is divided into 8 parts:

Part A—Grants for the Construction, Reconstruction, and Renovation of Undergraduate Academic facilities (sec. 711-713)

Part B—Grants for the Construction, Reconstruction, and Renovation of Graduate Academic Facilities (sec. 721)

Part C—Loans for Construction, Reconstruction, and Renovation of Academic Facilities (sec. 731-733)

Part D—Grants to Pay Interest on Debt (sec. 741)

Part E—College Construction Loan Insurance Association (sec. 751-760)

Part F—Housing and Other Educational Facilities Loans (sec. 761-764)

Part G—Special Programs (sec. 771-777)

Part H—General (sec. 781-783)

The significant changes made to this title 7/ by P.L. 99-498 include revision and extension of the authorization of appropriations for construction 8/ grant and loan programs for postsecondary education institutions; transfer of the provisions of the College Housing Program to title VII of the HEA (and

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7/ For a description of title VII under prior law, see U.S. Senate, Committee on Labor and Human Resources, Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options. S. Prt. 99-8, 99th Cong., 1st Sess., Prepared by the Congressional Research Service, Library of Congress, Washington, U.S. Govt. Print. Off., 1985. Section 12, p. 278-317.

8/ Except when stated otherwise, "construction" is used in this discussion to mean construction, reconstruction, and renovation projects for the purposes of title VII, and includes the purchase of existing structures, as well as the purchase and installation of new equipment for such projects.

repeal of its separate authority through sec. 702 of P.L. 99-498); creation of the College Construction Loan Insurance Association; inclusion of a one-time authorization for 7 special construction projects; and repeal of the Academic Facilities Loan Insurance program (previously authorized under part C). The purpose of assistance under title VII was expanded to include the acquisition and maintenance of special research and instructional instrumentation and equipment, compliance with Federal hazardous waste disposal requirements, more efficient use of energy resources, advanced skill training programs, and preservation of significant architecture. 9/

Title VII, Part A--Grants for the Construction, Reconstruction, and Renovation of Undergraduate Academic Facilities

This part authorizes formula grants to States for the construction of academic facilities at undergraduate institutions of higher education. States must submit plans that show relative priorities of State projects and ensure that the needs of various postsecondary institutions have been accommodated. No less than 24 percent of each State grant must be used for projects at public community colleges and technical institutes. At least 50 percent of the development cost of each construction project must be financed from non-Federal funds. No more than 10 percent of each institutional grant may be used to meet the costs of purchasing or maintaining research or instructional instrumentation and equipment. The formula for State grants for community colleges and technical institutes allocates funds in proportion to the number of persons

9/ The following purposes were continued from previous law: the removal of architectural barriers, environmental protection, health and safety programs, removal or containment of asbestos hazards, and unusual increases in enrollment.

graduating from high school in the State in the previous school year, adjusted to provide larger grants to States with lower per capita income. The formula for State grants for other purposes under this part allocates funds in proportion to the enrollment in high school (grades 9 through 12) and institutions of higher education. The aggregate amount allotted to a State under this part shall be no less than $100,000; if appropriations are insufficient, each State's allotment shall be ratably reduced.

The authorization of appropriations for part A is $15 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years, except that no funds are authorized in any year unless at least $20 million has been appropriated in that year for part E (for the College Construction Loan Insurance Association.)

Title VII, Part B—Grants for the Construction, Reconstruction, and Renovation of Graduate Academic Facilities

This part authorizes discretionary grants to graduate institutions of higher education for the construction of academic facilities. Total payments to institutions in any State must not exceed 12.5 percent of the appropriations in any fiscal year. The Secretary shall use a national peer review panel to make funding recommendations. At least 50 percent of the development cost of the construction project must be financed from non-Federal funds. No more than 10 percent of the grant may be used to meet the costs of purchasing or maintaining research or instructional instrumentation and equipment.

The authorization of appropriations for part B is $10 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years,

except that no funds are authorized in any year unless at least $20 million has been appropriated for part E in that year.

Title VII, Part C--Loans for Construction, Reconstruction, and Renovation of Academic Facilities

This part authorizes the Secretary to make and insure loans to postsecondary institutions and higher education building agencies 10/ for the construction of academic facilities. At least 20 percent of the development cost of the construction project must be financed from non-Federal funds. Loans must be repaid within 50 years; discounts are authorized for early repayment. The interest rate on loans is established at (1) no more than 0.25 percent above the average annual interest rate on all interest-bearing obligations for the public debt of the Federal Government, or (2) 5.5 percent, whichever is less. No more than 10 percent of the loan may be used to meet the costs of purchasing or maintaining research or instructional instrumentation and equipment. A revolving loan and insurance fund is established within the Department of Treasury which is available to the Secretary of Education to make loans authorized by this part.

The authorization of appropriations for part C is $25 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. In any fiscal year, loans made from the revolving funds may not exceed limitations specified in appropriations acts.

10/ Such agencies are defined as: (1) State agencies authorized to provide for, or finance, the construction of academic facilities for institutions of higher education; (2) corporations established by postsecondary institutions to provide academic facilities; or (3) institutions of postsecondary education.

Title VII, Part D--Grants to Pay Interest on Debt

This part authorizes a construction loan subsidy program. Grants are made under contract with postsecondary institutions and higher education building agencies to reduce (through the subsidy) the cost of borrowing funds from other sources. The amount of the subsidy is the difference between the average annual debt service for the loan and the average annual debt service that would have been required if the loan had been made under part C of title VII. The period of the grants shall be no longer than 40 years. Grants to any State shall not exceed 12.5 percent of the aggregate amount of grants in any fiscal year. Aggregate grants based on contracts entered into in a single year may not exceed $13.5 million.

The authorization of appropriations for part D is $25 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title VII, Part E--College Construction Loan Insurance Association

This part establishes the College Construction Loan Insurance Association, a private, for profit corporation that will insure loans and make other financial arrangements for assisting the construction of facilities for educational purposes. The initial board of directors is to consist of 11 members, of whom 2 are to be appointed by the Secretary of Education, 2 by the Secretary of the Treasury, and 3 by the Student Loan Marketing Association (Sallie Mae), with the remaining 4 elected by holders of the corporation's voting common stock.

With regard to the common stock of the corporation, the Secertary of Education is required to purchase no more than a total of $20 million of voting

common stock during the 5 years following incorporation, subject to the availability of appropriations. Sallie Mae may purchase $25 million of voting common stock during the same 5 years. The Corporation may sell $125 million of voting common stock to the general public during those 5 years, but must reserve no less than 40 percent to be offered to postsecondary institutions prior to sale to the general public. The corporation may sell nonvoting stock and other debt to the public without limitation. Following 5 years of incorporation, the Secretary of Education may sell the voting common stock held by the Secretary; this stock must first be offered for sale to Sallie Mae. If Sallie Mae acquires a majority of voting common stock, the board of directors shall be elected by the shareholders of voting common stock.

The authorization of appropriations for part E is $20 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title VII, Part F--Housing and Other Educational Facilities Loans

This part authorizes loans to assist undergraduate postsecondary institutions in the construction of housing, academic facilities, and other facilities for students and faculty. Loans must be repaid within 50 years. The amount of a loan may not exceed the development cost of the construction project. The Secretary shall give priority to loans for the renovation or reconstruction of (1) academic facilities and (2) older academic facilities and those that have gone for an extended period without major repair. The interest rate on loans is established at no more than (1) 0.25 percent above the average current yield on outstanding obligations of the Federal Government of comparable maturities in the preceding month, or (2) 5.5 percent, whichever is less.

Funds available for the revolving loan fund of the College Housing program, title IV of the Housing Act of 1950, may be used to make loans under this part. No less than 10 percent of these funds shall be made available for loans for each fiscal year.

Title VII, Part G--Special Programs

This part authorizes one-time appropriations for seven special construction grants as follows: (1) $2 million for renovation and restoration of Welch Hall, located at Eastern Michigan University (Ypsilanti, Michigan); (2) $1.8 million for construction of the Academic Health Education Center located at the Rochester Institute of Technology, New York; (3) $550,000 for renovation and restoration of Estey Hall of Shaw University (Raleigh, North Carolina); (4) $2 million for a 4-year postsecondary institution for a facility for an electronic instructional network for gifted and talented students (no location specified); (5) $6.2 million to establish the Mary McLeod Bethune Memorial Fine Arts Center, located at Bethune-Cookman College (Florida); (6) $1.3 million for the costs of the Behavioral Science Facility at the University of Connecticut (Storrs, Connecticut); (7) $300,000 to establish a doctoral program in business administration at the University of Rhode Island (Kingston, Rhode Island).

Title VII, Part H--General

This part contains general provisions and definitions related to title VII programs. Definitions are given for, among other terms, "construction," "reconstruction," "renovation," "development costs," "maintenance," and

"higher education building agency." Part H requires the Secretary of Education to sell the Federal obligations from the loan portfolios related to parts C and F (in accordance with the concurrent resolution on the budget for FY 1987--S. Con. Res. 120), but limits the sales to a market value of no more than $579 million in FY 1987 and $314 million in FY 1988.

Authorization of Appropriations

For title VII, part A, $15 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title VII, part B, $10 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. (No funds may be appropriated for parts A or B in any fiscal year unless $20 million or more has been appropriated for part E in that year.)

For title VII, part C, $25 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title VII, part D, $25 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title VII, part E, $20 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title VII, part F, No appropriations are authorized; no less than 10 percent of the funds from the revolving loan fund shall be made available for each fiscal year.

For title VII, part G, an aggregate one-time appropriation of $14.15 million is authorized for special projects.

For title VII, part H, No appropriations are authorized.

TITLE VIII--COOPERATIVE EDUCATION

Title VIII of the HEA contains 3 sections (sec. 801-803). 11/

11/ For a description of title VIII under prior law, see U.S. Senate. Committee on Labor and Human Resources. Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options. S. Prt. 99-8, 99th Cong., (Continued)

P.L. 99-498 increased the maximum award to institutions, but decreased the maximum award to combinations of institutions; increased data reporting requirements for grant recipients; provided additional priorities for grants for institutions committed to institution-wide programs and to programs serving special populations; decreased Federal share of program costs; allowed institutions to apply for new awards even if they have previously received 5-year awards; and specified percentages of funds reserved for demonstration projects, training centers, and research (instead of a separate authorization).

Under title VIII, the Secretary of Education makes discretionary grants to institutions of higher education, or combinations of institutions, to support the development and maintenance of cooperative education programs. Institutions administer the program in conjunction with public or private employers, providing work experience related to the student's academic or occupations objectives, as well as providing funds necessary for continuing or completing the student's education. Among other provisions, recipients must make annual reports regarding the number of students participating in cooperative education programs, the number of employers involved, the income of the participants, and increases in participation from previous years.

In making title VIII awards, the Secretary must give special consideration to applications which show the greatest promise of success because: (1) the program will be favorably received by employers; (2) the institution is committed to continuing the program after the termination of Federal support; (3) the institution is committed to extending the program on an

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(Continued) 1st Sess., Prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print. Off., 1985. Section 16, p. 388-401.

institution-wide basis; and (4) there is a commitment to programs serving special populations. The maximum amount of the award to institutions, or combinations of institutions, is $500,000 per year (under prior law, the maximum was $325,000 for single institutions, and $250,000 for each institution when the award was to combinations of institutions.) Grants may not exceed the Federal share of program costs; this share is specified as 90 percent in the first year of the award, 80 percent in the second year, 70 percent in the third year, 60 percent in the fourth year, and 30 percent in the fifth year. Awards may not extend beyond 5 years. However, the institution may apply for a new award if, for at least 2 additional years, it uses its own resources to pay for the program and maintains the funding level of the fifth year of the previous award.

Title VIII authorizes the Secretary to reserve up to 12.5 percent of the appropriation for demonstration projects, 10 percent for training and resource centers, and 2.5 percent for research related to cooperative education.

Authorization of Appropriations

For title VIII, $17 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

TITLE IX--GRADUATE PROGRAMS

Title IX consists of seven parts, authorizing six programs of assistance to graduate and professional students and institutions:

Part A--Grants to Institutions to Encourage Minority Participation in Graduate Education;

Part B--Patricia Roberts Harris Fellowships;

Part C--Jacob Javits Fellows Program;

Part D--Graduate Assistance in Areas of National Need;

Part E--Assistance for Training in the Legal Profession;

Part F--Law School Clinical Experience Programs; and

Part G--Authorization of Appropriations.

The primary changes made to prior law by the Higher Education Amendments of 1986 (P.L. 99-498) consist of the extension of the authorization of appropriations, the creation of two new programs--Grants to Institutions to Encourage Minority Participation in Graduate Education, and Graduate Assistance in Areas of national Need, and deletion of the previous part A, a program of Grants to Institutions of Higher Education.

Title IX, Part A--Grants to Institutions to Encourage Minority Participation in Graduate Education

This new program provides grants to higher education institutions for research and scholarly activities preparing low-income undergraduates for graduate study. Students must also be from minority groups underrepresented in graduate education.

Funds awarded under this part must be used only for direct fellowship aid to these students. Participating institutions must conduct summer research internships and seminars, among other educational activities, for participating students.

In selecting institutions, the Secretary of Education considers, among other factors, the quality of the research activities provided to participating students. The Secretary must also ensure an equitable geographic distribution among public and private institutions of higher education.

The authorization of appropriations for part A is $10 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title IX, Part B--Patricia Roberts Harris Fellowships

This program is, with relatively few changes, a continuation under a new name of the program previously authorized under part B of Fellowships for Graduate and Professional Study (otherwise known as Graduate and Professional Opportunity Fellowships.)

The Secretary is authorized to make grants to institutions of higher education to assist graduate and professional students who demonstrate financial need. (Prior law limited grants made to a single institution to no less than $75,000.) Institutions receive funds to provide fellowships awards to students, and to meet institutional expenses, such as tuition, associated with fellowship holders.

In selecting institutions, the Secretary considers the need for highly trained persons in postsecondary education and in other fields of high national priority, and for persons from minority groups underrepresented in higher education institutions.

Fellowships can be made by participating institutions only to students planning a career in public service and to students from underrepresented groups pursuing graduate of professional study. (Prior law also authorized grants for study in domestic mining and mineral fuel conservation.) Fellowships are limited to the lesser of $10,000 or the demonstrated level of financial need as determined under the need analysis provisions of title IV, part F, of the Higher Education Act. (Prior law limited awards to the lesser

of $4,500 or financial need.) Each fellowship can be provided for a 3-year period with a possible 1-year extension under special circumstances.

The authorization of appropriations for part B is $30 million for FY 1987 and such sums as may be necessary for each of the 4 following fiscal years.

Title IX, Part C--Jacob K. Javits Fellows Program

With relatively few differences, this program is a continuation under a new name of the National Graduate Fellows program previously authorized under part C.

The Secretary is authorized to award annually not more than 450 graduate fellowships in the arts, humanities, and social sciences to students of superior ability and exceptional promise. Fellowships recipients are selected by panels appointed by the National Graduate Fellows Program Fellowship Board.

Fellowships are awarded for one year and can be renewed for a period not to exceed 4 years. Stipend levels are determined by the Secretary but are to be comparable to those under federally funded graduate fellowships in science and engineering. The Secretary also provides $6,000 to institutions for each enrolled fellowship holder.

The authorization of appropriations for part C is $10 million for FY 1987 and such sums as may be necessary for each of the 4 following fiscal years.

Title IX, Part D--Graduate Assistance in Areas of National Need

This part authorizes a new followship program for graduate study in designated areas of national need, to be administered through institutions of higher education.

The Secretary makes 3-year grants to academic departments and programs selected on the basis of the quality of their programs leading to graduate degrees in areas of national need. Grants can be no less than $100,000 and no greater than $500,000 a year. Recipient departments or programs must provide from non-Federal sources an amount equal to at least 25 percent of their Federal grants.

Areas of national need are designated by the Secretary after consultation with the National Science Foundation, the National Academic of Sciences, the National Endowments for the Arts and Humanities, among other agencies. Some examples of the areas of national need suggested in the statute are mathematics, biology, and physics.

At least 60 percent of the funds provided under this part must be used to provide stipends to graduate students for the length of time necessary to complete their courses of study, but not to exceed 5 years. Annual stipends cannot exceed the lesser of $10,000 or the demonstrated level of financial need as determined by the institution. From the funds not committed to stipends, institutions may assist fellowship recipients in meeting educational expenses.

The authorization of appropriations for part D is $30 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title IX, Part E--Assistance for Training in the Legal Profession

This program is continued unchanged from prior law. The Secretary is authorized to make grants to public and private agencies and organizations, other than institutions of higher education, to assist individuals from disadvantaged backgrounds to undertake training for the legal profession. Funds

may be used to meet the cost of selecting students, counseling, and training, among other activities.

The authorization of appropriations for part E is $5 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title IX, Part F--Law School Clinical Experience Programs

This program is continued from prior law with relatively minor changes. The Secretary is authorized to make grants to accredited law schools to pay up to 90 percent of the costs of programs to provide clinical experience to law students, either through actual legal work or simulations. Preference is given to programs providing experience in actual cases. (Prior law established no preference.) Funds can be used to meet the costs of such activities as planning, training of faculty, travel, paying student stipends, and purchasing equipment. No law school may receive more than $100,000 in any fiscal year.

The authorization of appropriations for part F is $5 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title IX, Part G--Authorization of Appropriations

This part authorizes appropriations for each of the title IX programs. It also provides that no funds are authorized for appropriations for parts A and D unless the appropriation in the preceding fiscal year for part B is at least $18 million and the appropriation for part C is at least $5 million. (This appropriations trigger was not part of prior law.)

Authorization of Appropriations

For title V, part A, $10 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title V, part B, $30 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title V, part C, $10 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title V, part D, $30 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title V, part E, $5 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title V, part F, $5 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

TITLE X--IMPROVEMENT OF SECONDARY EDUCATION

Title X of P.L. 99-498 amends title X of the HEA. 12/ As amended, title X is divided into 3 parts:

Part A--Fund for the Improvement of Postsecondary Education (sec. 1001-1005)

Part B--Minority Science and Engineering Improvement Programs (sec. 1021-1047)

Part C--Innovative Projects for Community Services and Student Financial Assistance (sec. 1061-1063)

Changes made to this title by P.L. 99-498 include: changing the name of the title (from "Fund for the Improvement of Postsecondary Education"); the extension and minor revision of the Fund for the Improvement of Postsecondary Education; the transfer to title X (under a new part B) and revision of the

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12/ For a description of title X under prior law, see U.S. Senate. Committee on Labor and Human Resources. Reauthorization of the Higher Education Act: Program Descriptions, Issues, and Options. 99th Cong., 1st Sess., Prepared by the Congressional Research Service, Library of Congress. Washington, U.S. Govt. Print. Off., 1985. Section 18, p. 421-438.

Minority Science and Engineering Improvement Programs; the authorization of a new program to support innovative projects of community services and student financial independence; and the repeal of provisions (under the previous part B) establishing (a) the Bureau of Occupational and Adult Education and (b) the Community College Unit within the former U.S. Office of Education. 13/

Title X, Part A--Fund for the Improvement of Postsecondary Education

This part authorizes the Secretary of Education to make discretionary grants to, and contracts with, institutions of postsecondary education and other public and private nonprofit educational institutions and agencies. Projects may be directed at a broad range of innovation, improvement, and reform activities related to postsecondary educational opportunities. A 15-member national board shall provide advice regarding priorities for the improvement of postsecondary education, make recommendations regarding the dissemination and adaptation of effective practices, and provide advice concerning the procedures for grant competition.

The authorization of appropriations for part A is $14.5 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

Title X, Part B--Minority Science and Engineering Improvement Program

This part authorizes the Minority Science Improvement Program (subpart 1), Science and Engineering Access Programs (subpart 2), and an advisory

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13/ The U.S. Department of Education superceded the former Office of Education in 1980, under the provisions of P.L. 96-88.

board (subpart 3). The Minority Institutions Science Improvement Program (MISIP) under subpart 1 authorizes the Secretary to make discretionary grants to institutions of higher education that are designed for making long-range improvements in science and engineering education at predominantly minority institutions and to increase the participation of "underrepresented ethnic minorities" in scientific and technological careers. 14/ Under the Science and Engineering Access Programs (subpart 2), the Secretary is authorized to make discretionary grants to institutions of higher education that are designed to (a) provide or support programs for minority students enrolled in science and engineering and (b) eliminate or reduce specific barriers to the entry of minorities into science and technology. A 9-member advisory board is established under subpart 3 to make recommendations regarding the policies and precedures to implement the program.

The authorization of appropriations for part B is $7.5 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. For any fiscal year, 50 percent of the appropriations shall be allocated for subpart 1, 33.33 percent for subpart 2 programs for minority students, and 16.67 percent for subpart 2 programs to eliminate or reduce barriers to minorities.

14/ The Minority Institutions Science Improvement Program (MISIP) was initially established under general authority of the National Science Foundation Act of 1950, before it was transferred to the Department of Education by the Department of Education Organization Act (sec. 304(a) of P.L. 96-88). Beginning in FY 1981, MISIP was authorized by sec. 406A of the General Education Provisions Act, as amended by sec. 1303 of P.L. 96-374, the Education Amendments of 1980.

Title X, Part C--Innovative Projects for Community Services and Student Financial Assistance

This part newly authorizes the Secretary to make grants to, and contracts with, institutions of higher education and other public agencies and private nonprofit organizations. Awards are to support projects to determine the feasibility of encouraging students to participate in community service projects in exchange for either (a) educational services or (b) financial assistance for completing postsecondary educational programs.

The authorization of appropriations for part C is $3 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years, except that in any fiscal year, no funds may be appropriated for this part unless funds are also appropriated for part A.

Authorization of Appropriations

For title X, part A, $14.5 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

For title X, part B, $7.5 million is authorized for FY 1987 and such sums as as may be necessary for each of the 4 succeeding fiscal years.

For title X, part C, $3 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years except that in any fiscal year, no funds may be appropriated for this part unless funds are also appropriated for part A.

TITLE XI--PARTNERSHIPS FOR ECONOMIC DEVELOPMENT AND URBAN COMMUNITY SERVICE

Title XI consists of four parts:

Part A--Partnerships for Economic Development (Sec. 1101-1103)
Part B--Urban Community Service (Sec. 1111-1113)
Part C--General Provisions (Sec. 1121-1123)
Part D--Wagner Institute of Urban Public Policy (Sec. 1131-1133)

Title XI under prior law was entitled "Urban University Grant program" with the purpose of aiding urban universities to help address urban problems and to make their resources more readily available to the urban community in which they were located. P.L. 99-498 has expanded the purposes of title XI to include both economic and urban community development. The previous urban university program has basically been extended as a new part B, Urban Community Service. A new part A has been added, Partnerships for Economic Development, which encourages the the participation of postsecondary institutions in activities which further growth and productivity.

Title XI, Part A--Partnerships for Economic Development

Title XI, part A has as its purpose to link postsecondary institutions with State and local government, business, industry, and community organizations to meet local problems and plan economic improvement. Funds for economic development will support planning and research directed toward solving local economic development problems, and resource exchanges between faculty, government personnel, and private sector experts on economic development problems.

Among special projects are those that address broad national economic development issues as follows:

1) application of technology research to manufacturing aspects of industry;

2) design of technical assistance centers based at institutions to provide an integrated program of education research, technology transfer and business and industry.

3) entrepreneurship training; and

4) new approaches to explore international business and trade.

The maximum grant to be awarded is $50,000 except in the case of a consortium.

The Secretary may make grants to an eligible institution or consortium of institutions that will involve the active participation of local or State governments, business, and industry, labor unions, and non-profit organizations. Special consideration will be given to applications serving areas with high unemployment (1 percent above the national average); for those areas where a high number of jobs are being eliminated; areas where there is a regional geographic approach to solving economic development problems; or areas where approaches are developed which promote economic diversification for rural areas.

Table XI, Part B--Urban Community Service

P.L. 99-498 expands the previous urban university program using urban universities to serve urban areas and helping to meet urban problems. Urban community service funds will support cooperative projects through which such universities provide urban areas with applied research, planning services, specialized training, technical assistance or other services to address the high priority needs of urban areas. Applications must show participation of a local agency of government. Applications with cooperative arrangements among urban universities, community colleges, and other sectors within an urban area will be given priority.

Title XI, Part C--General Provisions

Part C sets forth administrative provisions including use of a peer review panel "geographically balanced and composed of equal numbers of representatives from public and private higher education, labor, business and State and local

government who have expertise in economic development and urban community service."

There is a 5-year limit on grants and any applicant for part A and part B funds must contribute at least 1/4 of the grant from non-Federal sources.

Title XI, Part D--Wagner Institute of Urban Public Policy

Part D provides assistance to the City University of New York to establish a center to be known as the Robert F. Wagner Sr. Institute of Urban Public Policy. Funds will be used to establish and operate the center; to inventory and assess academic research and training with respect to urban redevelopment strategies; and to conduct forums on urban problems.

Authorization of Appropriations

For title XI, parts A and B, $15 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

(The Secretary shall allocate 66 2/3 percent of the funds to part A and 33-1/3 percent to part B.)

For title XI, part D, $2 million is authorized for FY 1987 which shall remain available until expended.

TITLE XII--GENERAL PROVISIONS (Secs. 1201-1207)

Under prior law, title XII was also the General Provisions title, including definitions; sections on antidiscrimination, Federal-State relationships and State agreements, treatment of territories and territorial student assistance; and authority for the National Advisory Committee on Accreditation and Institutional Eligibility.

The new title XII amends certain sections including treatment of territories, reauthorizes the National Advisory Council on Accreditation and Institutional Eligibility, and adds a new section establishing a commission to study postsecondary institutional and programmatic recognition process. New sections are added concerning financial responsibility of foreign students and disclosure of foreign gifts. A final new section defines the aggregate limit of authorization of appropriations for the entire act.

Treatment of Territories and Territorial Student Assistance

The Secretary is to promulgate regulations in accordance with the recommendations in the report titled "Postsecondary Education in the U.S. Territories" in order to adapt programs to the needs of Guam, the Virgin Islands, American Samoa, Trust Territories of the Pacific Islands, and the Northern Mariana Islands within 6 months after the date of enactment of the Amendments.

National Advisory Committee on Accreditation and Institutional Eligibility

The National Advisory Committee is reauthorized through September 30, 1991.

Commission to Study Postsecondary Institutional and Programmatic Recognition Process

A new 5-member joint study commission is established to be appointed jointly by the President pro-tem of the Senate and the Speaker of the House. The commission is to conduct a study of the institutional and programmatic recognition process used by the Department of Education in determining institutional eligibility for participation in student aid programs. Particular

emphasis will be placed on accreditation of postsecondary institutions and indicators of educational quality that might be incorporated into the accreditation process. The study shall include analysis of the effectiveness of institutional eligibility determination. A narrative and statistical report is required on the accrediting process used for postsecondary education. $1 million is authorized to carry out the study.

Student Representation

A student may be appointed to any committee authorized under the Higher Education Act if he/she is attending an institution of higher education.

Financial Responsibility of Foreign Students

P.L. 99-498 states that no Federal law should be constructed to prohibit institutions from requiring foreign students to guarantee the future payment of their tuition and fees.

Disclosure of Foreign Gifts

Any institution receiving a gift from a foreign source with a value of $250,000 or more (either singly or in combination with all other gifts from that source within a calendar year) must file a disclosure report with the Secretary. A "foreign source" is defined as 1) a foreign government; 2) a legal entity created solely under the laws of a foreign state or states; 3) an individual who is not a citizen or a national of the U.S.; or 4) an agent, including a subsidiary or affiliate of a foreign legal entity, acting on behalf of a foreign source. If it appears that an institution has failed to comply with this requirement a civil action may be brought against the institution.

Aggregate limit of Authorization of Appropriations

Title XII sets an aggregate cap or limit on authorizations for the entire act, except for Pell Grants and Guaranteed Student Loans. Those aggregate amounts for all other authorized programs are:

$3.166 billion for FY 1987;
$3.351 billion for FY 1988;
$3.552 billion for FY 1989;
$3.771 billion for FY 1990; and
$4.007 billion for FY 1991.

TITLE XIII--EDUCATION ADMINISTRATION

Title XIII of P.L. 99-498 (not of the Higher Education Act) contains nine parts, which require several studies related to postsecondary education or authorize special assistance (or forgiveness of debts) to specific higher educational institutions:

Part A--Secretarial Studies and Evaluations (sec. 1301-1307)

Part B--General Accounting Office Reports (sec. 1311-1314)

Part C--Costs of Postsecondary Education (sec. 1321)

Part D--Library Resources (sec. 1331)

Part E--National Academy of Sciences Study (sec. 1341)

Part F--Faulkner University (sec. 1351)

Part G--Alien Youth Education Opportunity Panel (sec. 1361)

Part H--Boston College (sec. 1371)

Part I--Carl Albert Congressional Research and Studies Center (sec. 1381)

Title XIII, Part A--Secretarial Studies and Evaluations

Part A of title XIII, P.L. 99-498, mandates several studies to be conducted by the Department of Education, as listed below:

(1) a study by the Office of Educational Research and Improvement of the impact on student grades of the "satisfactory progress" requirements for student aid recipients, under sec. 484(d) of the HEA;

(2) a study of the feasibility of establishing a National Endowment for International Studies (in consulation with the United States Information Agency, the Agency for International Development, and the Departments of State and Defense);

(3) studies by the Office of Educational Research and Improvement or the Center for Education Statistics of the costs of higher education (including their impact on lower and middle income students and families), of the recipients of student aid, or teacher supply and demand, and of the equity of student aid eligibility formulas for farm families;

(4) a study, to be performed under contract to the Department of Education, of adult and postsecondary continuing education;

(5) a study of the treatment of student loan indebtedness in Federal bankruptcy law; and

(6) a study of the potential eligibility for aid under the Pell Grant program of students attending postsecondary institutions less than half-time loan.

The authorization of appropriations for these studies is $2.7 million for FY 1987 through FY 1989.

Title XIII, Part B--General Accounting Office Reports

Title XIII, part B, of P.L. 99-498 requires the General Accounting Office to conduct a number of studies as follows:

(1) a comprehensive study of the practices of State and multi-State student loan guarantee agencies or organizations which participate in the Guaranteed Student Loan program.

(2) a study of the feasibility of allowing students to establish multi-year lines of credit with lenders under the Guaranteed Student Loan program;

(3) an evaluation of the impact of the system of multiple disbursement of Guaranteed Student Loans required under P.L. 99-498; and

(4) an evaluation of the costs and effects of the student loan consolidation program established in P.L. 99-498.

Title XIII, Part C--Costs of Postsecondary Education

Part C of title XIII provides for the establishment of a National Commission on Responsibilities for Financing Postsecondary Education, as an independent agency of the executive branch of the Federal Government. The Commis- three each appointed by the President, the Speaker of the House, and the majority leader of the Senate. The commission is to study and, "to the extent which a consensus exists," make recommendations regarding the appropriate role of families, institutions of higher education, governments, and individuals in the financing of postsecondary education. Specific areas to be evaluated by the Commission include: the appropriateness of current and alternative systems for need analysis; standards for determining whether students are financially independent; the promotion of parent reponsibility for meeting the postsecondary education costs of their children; effective mechanisms for measuring the ability and responsibility of students, institutions of higher education, and governments to pay postsecondary educational costs; and, the potential influence of providing early information on postsecondary education costs and financial aid on educational o,portunity and family saving.

For title XIII, part C, $1 million is authorized without fiscal year limitation.

Title XIII, Part D--Library Resources

Part D of title XIII requires the National Commission on Libraries and Information Science to conduct a study of the effectiveness of the eligibility criteria in section 311 of the Higher Education Act (as amended by P.L. 99-498)--regarding grants for college library resources--in allocating funds to institutions with the greatest need.

Title XIII, Part E--National Academy of Sciences Study

Title XIII, part E, mandates a study by the National Academy of Sciences of the potential uses of volunteers in (presumably, elementary and secondary) school classrooms, including the feasibility of allowing student loan borrowers (under title IV, parts B or E of the HEA) to repay a portion of their loans through such "voluntary" service, as well as the use of older and/or professional persons as school volunteers. While no additional funds are authorized for this activity, the Department of Education is directed to make available up to $500,000 of administrative funds for this study.

Title XIII, Part F--Faulkner University

Part F relieves Faulkner University, of Montgomery, Alabama, of responsibility to repay the United States $147,681.39 (plus accrued interest). These funds were allocated to the University under HEA title IV programs on behalf of students in their junior or senior undergraduate years, before students in Faulkner University's programs at that level were eligible to receive Federal student aid.

Title XIII, Part G--Alien Youth Education Opportunity Panel

Part B of title XIII provides for the establishment in the Department of Education of an Alien Youth Education Opportunity Panel, to be composed of seven members--three appointed by the Secretary of Education, two by the Speaker of the House, and two by the majority leader of the Senate. The Panel is to evaluate the effect on resident aliens, who have graduated from U.S. high schools, of the requirements added to the Higher Education Act by P.L. 99-498 regarding eligibility of non-citizens for student aid. Requirements for alien eligibility for student aid were previously contained only in the regulations for HEA title IV programs, but were added to the general provisions (part G) of HEA title IV by P.L. 99-498. The Panel is to submit a report on its recommendations to the Secretary of Education, the President, and the Congress within 2 years after enactment.

Title XIII, Part H--Boston College

Title XIII, part H, cancels up to $2.7 million in debt previously owed to the Department of Education by Boston College, including all of the College's obligations for fiscal years 1987-1990, on a loan for the construction of a library.

Title XIII, Part I--Carl Albert Congressional Research and Studies Center

Finally, part I of title XIII provides that funds previously appropriated under P.L. 97-377 for the Carl Albert Congressional Research and Studies Center, University of Oklahoma, shall be available without regard to the matching requirements that previously applied to this grant.

Authorization of Appropriations

For title XIII, part A, $2.7 million is authorized for each of FY 1987 through FY 1989; and for part C, $1 million is authorized (without fiscal year limitation)

(Certain other parts of this title do not authorize the appropriation of funds but either cancel debts owed to the United States or provide for the use of funds otherwise authorized and appropriated--see above discussion for details.)

TITLE XIV--EDUCATION RESEARCH AND STATISTICS

Title XIV of P.L. 99-498 contains four sections (sec. 1401-1404). Two of these amend the General Education Provisions Act (GEPA), one section amends the Education Consolidation and Improvement Act of 1981 (ECIA), and one section stands by itself.

Changes to current law made by title XIV include: a major revision to the authorization of educational research and statistics, although there were few changes to the administration of these activities as they were reorganized by the Administration in October 1985; 15/ and specific authorization for the National Diffusion Network, although there were few changes from current practice for this activity. 16/

15/ Under a 1985 administrative reorganization within the Department of Education, the National Institute of Education (NIE) and the National Center for Education Statistics (NCES) were discontinued as agencies within the Office of Educational Research and Improvement (OERI), but the functions of these in-agencies were continued without significant change within OERI. For background formation, see CRS Issue Brief 85167, "Educational Research and Statistics: Restructuring Federal Programs" by Paul M. Irwin and K. Forbis Jordan. (Archived November 20, 1986)

16/ For background information, see CRS Issue Brief 79021, "Chapter 2 Education Block Grants" by Paul M. Irwin and K. Forbis Jordan. (Archived September 22, 1986.)

Title XIV--Educational Research and Statistics Activities

Educational research and statistics activities are authorized under GEPA by section 405 ("Office of Educational Research and Improvement") and section 406 ("Center for Education Statistics") of GEPA. The Office of Educational Research and Improvement (OERI) is established, under an Assistant Secretary, as an organizational unit within the Department of Education by section 209 of the Department of Education Organization Act (P.L. 96-88); section 405 of GEPA specifies the purposes and activities, and authorizes OERI's appropriations. The Center for Education Statistics is one of five administrative units within OERI, under the current administrative organization of the Department. The Center's purposes and activities are specified under section 406 of GEPA; it is the only unit within OERI that is specified in law.

Office of Educational Research and Improvement

Section 405 of GEPA authorizes OERI; it contains a declaration of Federal policy to support equality, equity, and improvement in American education by conducting and supporting educational research. The OERI shall be administered by an Assistant Secretary, and shall include (a) the National Advisory Council on Educational Research and Improvement and (b) the Center for Education Statistics (authorized under sec. 406 of GEPA).

OERI research priorities are specified, and include student achievement, opportunities for special populations, statistics, dissemination, special subjects (sciences, arts, humanities, and foreign languages and cultures), information on special populations, adult educational achievement, postsecondary educational opportunity, and educational professionals. OERI may carry out

authorized activities directly, or through grants, contracts, and cooperative agreements. In making awards, peer review procedures shall be used. Support must be provided by OERI for regional educational laboratories, research and development centers, meritorious unsolicitied proposals (sometimes referred to as "field initiated research"), and proposals invited by the Secretary. Grants to laboratories and centers must be made on a competitive basis and be consistent with the research, development, and dissemination objectives of OERI.

The National Assessment of Educational Progress (NAEP) must be supported by OERI, through a grant or cooperative agreement with a nonprofit educational organizaton. The primary purpose of NAEP is to assess "the performance of children and young adults in the basic skills of reading, mathematics, communication, and other subjects and skills." NAEP is required to conduct periodic assessments of basic skills and special assessments of other educational areas, include information on special populations, and provide technical assistance to State and local educational agencies. The organization through which OERI carries out NAEP must appoint an Assessment Policy Committee that has the authority to design and conduct the assessment itself.

OERI "excepted service" appointments of scientific or professional staff may be made, if necessary, without regard to competitive civil service requirements for appointment, classification, or compensation; these appointments may not exceed 3 years and the total number may not exceed 20 percent of the regular OERI scientific or professional staff. (This appointment authority replaces two similar provisions in previous law.)

A 15 member council, appointed by the President with the advice and consent of the Senate, shall advise the Secretary and make an annual report on

educational research and statistics activities. (This advisory council replaces a policy-making council that was authorized under prior law.)

Center for Education Statistics

Section 406 of GEPA establishes the Center for Education Statistics as one of the administrative units within OERI. The purpose of the Center is to collect, analyze, and disseminate data related to education in the United States and in other nations. Technical assistance must be given to State and local educational agencies; continuing surveys on educational personnel must be conducted; and a periodic assessment of teachers must be made, including the needs of teaching specialties, shortages in various localities, the portions of women and minorities in teaching, teacher competency tests, and the rate and reasons for leaving the profession. The Center must collect uniform data from the States on the financing of elementary and secondary education; States receiving funds under ECIA must cooperate with the Center in this effort. An Advisory Council on Education Statistics is required. The Center must make an annual report to the Congress, including statistics on the condition of education in the United States.

Section 1403 of P.L. 99-498 prohibits the National Advisory Council on Educational Research and Improvement, the Advisory Council on Education Statistics, and members of such councils from using any of the councils' resources for activities unrelated to their purposes.

The authorization of appropriations for OERI is $72.231 million for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years. No less than 95 percent of the OERI appropriation must be spent for grants, contracts, and cooperative agreements. If OERI appropriations are

sufficient, a minimum of $17.76 million must be spent for research and development centers, $17 million for regional educational laboratories, $5.7 million for education resources information centers, $4 million for NAEP, $8.75 million for the Center for Education Statistics, and $500,000 for meritorious unsolicited proposals (or "field initiated research").

National Diffusion Network

The National Diffusion Network (NDN) is authorized under section 583 of chapter 2 of ECIA, as part of the Secretary's Discretionary Funds under the education block grant program. 17/ The NDN's purpose is to strengthen excellence in education by identifying, promoting, and implementing exemplary educational programs. For these purposes, the Secretary is authorized to make grants to, and enter into contracts with, State and local educational agencies, institutions of higher education, and other public and private nonprofit educational institutions and organizations.

No additional appropriations are authorized for the NDN; however, no less than 34 percent of the appropriation for the Secretary's Discretionary Funds under chapter 2 of ECIA must be reserved annually for the NDN program.

Authorization of Appropriations

For title XIV educational research and statistics activities, $72.231 million is authorized for FY 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

17/ Under prior law, the NDN was named, but not defined, as a permissible activity for the expenditure of the Secretary's discretionary funds. Funding for the NDN was not mandatory under the authorizing statute, but has regularly been required in appropriation acts.

For the National Diffusion Network authorized under title XIV, no new appropriations are authorized.

TITLE XV--AMERICAN INDIAN, ALASKA NATIVE, AND NATIVE HAWAIIAN CULTURE AND ARTS DEVELOPMENT ACT (SECTIONS 1501-1522)

Subpart A of title XV establishes an Institute of American Indian and Alaska Native Culture and Arts Development, located in Santa Fe, New Mexico. The Institute supercedes the Institute of American Indian Arts that was administered by the Bureau of Indian Affairs of the U.S. Department of the Interior. The primary function of the new Institute is to provide for scholarly study and instruction, including degree programs, in Indian art and culture. The Institute is to include a Center for Culture and Art studies, a Center for Research and Cultural Exchange, and other programs. It is to be governed by a Board of Trustees (with 13 voting members, appointed by the President, and 6 nonvoting members), with an executive board having specified powers. The Institute's president and staff are not to be part of the civil service, but for compensation and certain other matters they are subject to Federal employment provisions. Indians may be given preference in employment as well as in admission to programs, fellowships, and grants and contracts.

Subpart B establishes a program of Native Hawaiian Culture and Arts Development, to be administered by the Secretary of the Interior. According to the Conference Report, this program is to be located at the Bishop Museum in Honolulu, Hawaii. The Board of Trustees for the program is to be appointed by the Governor of Hawaii.

Authorization of Appropriations

For title XV, subpart A, $4 million is authorized for FY 1987 and such sums as may be necessary for each succeeding fiscal year.

For title XV, subpart B, $1 million is authorized for FY 1987 and such sums as may be necessary for each succeeding fiscal year.

TITLE XVI--UNITED STATES INSTITUTE OF PEACE

The authorization of appropriations for the United States Institute of Peace (authorized under P.L. 98-525) is extended through FY 1988. Any funds appropriated for the Institute are to be available until expended.

The United States Institute of Peace is an independent Federal agency that began operation in 1986. The Institute makes grants to postsecondary and other educational programs, and conducts research on topics related to international peace and conflict resolution.

Authorization of Appropriations

For title XVI, $6 million is authorized for FY 1987 and $10 million for FY 1988.